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Daily Report
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FBIS-SOV-96-143 *24 July 1996*

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Russia: Election Figures From Dagestan Misreported

MM2407085996 Moscow IZVESTIYA in Russian 23 Jul 96 p 2

[Report by Anatoliy Stepovoy: "'Dead Souls' in Dagestan Have Altered the Final Results of the Presidential Election"]

[FBIS Translated Text] The results of the presidential election that have already been published by the Central Electoral Commission [CEC] will be changed. This became clear after the Commission examined press reports about violations in the counting of votes in one of rayons of Dagestan. It turned out that the data in the official return from the Kazbekovskiy territorial electoral commission, which had been compiled with the use a computerized system, were not verified against the original returns. This gross violation of the law meant that the number of those who voted in this rayon turned out to be 11,000 greater than the number of residents eligible to take part in the voting.

The attempts by S. Shapiyev, head of the Dagestani Electoral Commission, to justify this incident by "technical problems" proved unconvincing. CEC members, having noted gross violations of the law, chose not to severely rebuke their junior colleagues and only...reduced the size of the bonus to be paid to S. Shapiyev, head of the Dagestani Electoral Commission.

The data of the CEC presidential election return will have to be changed. The number of voters who supported Boris Yeltsin will be reduced by 4,500, whereas Gennadiy Zyuganov has instantly lost nearly 11,000 votes.

Russia: Communists' Election 'Penny-Pinching' Viewed

MM2407092096 Moscow KOMSOMOLSKAYA PRAVDA in Russian 23 Jul 96 p 2

[Article by Aleksandr Gamov: "Why Did Communists Save Money?"]

[FBIS Translated Text] Can one calculate, albeit approximately, how much money has been spent on Boris Yeltsin's campaign? I put that question recently to a man who played far from the smallest part in that campaign. And in response I heard: "Today hardly anyone would cite even approximate figures. No one has monitored the process." Which has benefited not only the president's team but also... the opposition.

Each candidate for the post of head of state during the election campaign had the right to spend no more than 14.4 billion rubles [R] — that included budget and sponsorship funds. But, informed people say, that sum is kopeks compared with the sum which actually went to "acquire" voters' votes. In the opinion of a number of experts the total could run into hundreds of billions of rubles. And possible even trillions....

Boris Yeltsin's team is now cudgeling its brains over the question of why Gennadiy Zyuganov's staff did not even use the entire "legal sum" to publicize their candidate? Did they really not believe in victory? Of course it is bad to look into other people's pockets but it has already been calculated that at least 6 billion of those 14.4 billion remain "free." How did they manage to save them. And most importantly — why?

You correspondent often had occasion to encounter the Communists' "penny-pinching" during his pre-election tours of Russia. The city streets and avenues were covered in portraits of Yeltsin and posters in his support. Portraits of Zyuganov were extremely rare.

But it turns out that the Communists were saving not only on visual campaigning but also on business trips and telephone calls. Many preferred to telephone and travel at the Duma's expense.

"They saved their own money but squeezed the last drop out of us," one of Yeltsin's staff members admitted despondently. "By constantly making a fuss over Zyuganov's increasing chances of victory they compelled us to throw billions and billions more into this 'popularity rating wind.'"

What was the result? Yeltsin won. But the Communists did not lose. They had accumulated substantial capital. According to experts' estimates it is now several tens of billions of rubles, both from the budget and from sponsors. Of course the unspent budget money must be law be returned to the state coffers. But if anyone thinks that they have been a dead load all this time in Gennadiy Andreyevich's sock then he is seriously mistaken. The money was and is earning interest in banks.

And so for what "rainy day" have Zyuganov's associates been saving their election capital? Is it not clear? The fanfares of the inauguration ceremony will scarcely have abated in the Kremlin before a new political campaign will begin. This time for the election of governors and heads of kray and oblast administrations. If you consider that of 89 leaders of components of the Russian Federation the majority are still Yeltsin appointees and there are no more than 15 democratically elected ones then the new election also acquires a truly all-Russian dimension and it will continue from October through December. And in importance it can surely be compared with the presidential elections.

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And not only because the fate of the reforms course in the Russian regions depends on the outcome of the vote locally. As we know, the Federation Council is made up of component heads. And who will take seats in the upper chambers for the New Year will depend on whose side the scales tilt in the regions (that is where Zyuganov's money will come in useful!)

If the Communists and their supporters win the fall and winter "parliamentary" elections, and according to some forecasts with the appropriate situation and financial support the regions could delegate up to 50 "red governors" to the upper chamber, then following the Duma the Kremlin will also get a pro-Zyuganov Federation Council. And then the president will be tied not only hand but also foot. That is the Federal Assembly as a whole could simply become something like Khasbulatov's Supreme Soviet. It is a case not of a red belt but of a "red necktie."

The struggle of Yeltsin and his team to pay off pension, benefit, and wages arrears has led to the point where over the course of a few months many enterprises have not received investments, fixed capital has not been updated, raw material has not been imported, and new jobs have not been created. As a result there is further misfortune. The president has not settled his previous debts and the Duma has again adopted a law on raising pensions, benefits, and wages. Of course the Kremlin will try to remount its good old steed: It will start to intimidate people with communism and promise a bright future. But this time the disillusioned and deceived provincial voter may not be frightened of the Communists and may not believe the authorities.

Does the penniless Kremlin now have the strength to counter the new threat? For the time being, yes. Most likely immediately after he takes up office the rested Boris Yeltsin will engage in cleansing the regions. That is he will begin to replace the leaders. According to our information the president has already received recommendations on this score and has even discussed them recently with upper chamber speaker Yegor Stroyev. They mainly touch on those Federation components where the Communists have won and where the threat that the ruling clique may turn red is particularly great. Here the authors of the suggestions cite the case of Arkhangelsk Oblast. Two months before the first round of the presidential elections they replaced the governor here. Before the replacement Yeltsin was given 20 percent of the votes but after he collected 60 percent.

But what if the "red necktie" round the Kremlin's neck nonetheless tightens? In that case some analysts predict a hard fall 1996: The president's direct appeal to the people, the dissolution of parliament, and so forth. Actually, there is another option: The head of state could repeal the regional "parliamentary" elections.

Russia: Physicist Argues Voters Were 'Duped Again'

MM2307091096 Moscow PRAVDA in Russian 20 Jul 96 p 1

[Article by Institute of High-Energy Physics senior scientific associate Leonid Shirshov, "never a CPSU member, not a party member": "...We Were Duped Again"]

[FBIS Translated Text] Protivno, Moscow Oblast — The Russian presidential elections were held 16 June, with the second round on 3 July. What conclusions can be drawn?

In 1991 B.N. Yeltsin became head of the RSFSR [Russian Federated Soviet Socialist Republic], and in 1992 he won the presidential election. Both then and now he refused television debates but won. In some places in America such a refusal would undoubtedly lead to defeat, but not in our country — "Russia cannot be understood with the brain."

In the science city of Protivno more than 75 percent of voters participated in the first round and 75 percent in the second. For comparison let me remind you that around 50 percent of voters participated in the local authority elections (for mayor and Duma) held on 31 April 1996. On the one hand such a state-minded approach could be a cause for joy, with elections for supreme power being rated higher than those for local authorities (as we used to sing, "First think about Russia, then about yourself"). On the other hand, this fact testifies to the instability in society since in countries of stable people there is more interest in local problems, and presidential elections, as a rule, come second.

Despite the fact that July is vacation time, the turnout among the population was pretty high, which was undoubtedly promoted by the electorate's "stay-at-home" way of life. People have not dispersed around the country as they used to. During the summer vacation period people used to be faced with the choice: "Which sea should I pick? The Black Sea or the Caspian, or maybe I should head for the mountains?" Nowadays the seas are abroad and there is gunfire in the mountains. So the only thing left to do is to spend ther summer choosing a president, growing potatoes, and "going hunting" for those beetles from the State of Colorado.

Young people ignored the elections en masse. Judging by the turnout at Precinct 2245, where I was an observer, less than 10 percent of the 18-30 age group voted.

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The first-round election results showed that society is split. It can be noted, incidentally, that, since the "tricolor" was introduced in 1991, all elections have shown that society is split into three main groups. In accordance with their coloring and historical tradition these groups can be be categorized correspondingly as "white" (reformers and capitalists); "red" (the bloc of people's patriotic forces); and "blue" (people of indeterminate orientation whose actions are influenced by emotions and who are influenced by the television screen).

Numerically these groups are approximately the same size. But in the final analysis it is the "blues" who determine the results of elections.

What was their preferred kind of president on 3 July, and what guided their choice? Obviously the main slogan on television was: "Choose Yeltsin or it will be back to 1937 or civil war." Even during the "stagnation" years there was not this kind of total pressure on the television viewer. If the first-round results give some kind of picture of the spectrum of political leanings, the second-round results were simply programmed by the zombification of voters by television, radio, and the "free" press.

The results of the voting in Protivno were as follows. In the first round around 40 percent voted for Yeltsin, 23 percent for Zyuganov, and 2 percent against everybody. In the second round 62 percent were for Yeltsin, 31 percent for Zyuganov, and 7.5 percent against both.

Comparison with the voting results in Serpukhov, Serpukhovskiy Rayon, and Moscow makes it possible to say that in terms of the results Protivno is in line with Moscow, not its neighbors. At first glance this appears strange, but this fact confirms that Protivno is turning into a "dormitory area" of Moscow. A megalopolis like Moscow, where the big banks, various administrative structures, brokering firms, and so forth are concentrated, needs personnel to run it, including the inhabitants of our town with their high educational standard. Our school graduates also have an excellent command of foreign languages and know how to use computers.

Currently a "session" on the charged-particle accelerator — the biggest in the country — at the Institute of High Energy Physics, which is the reason why Protivno was built, is conducted less than once a year: Science is short of money. The institute is shrinking and "aging," the prospects are uncertain, and the staff have realized that potatoes are their main hope and the meat cleaver is their main tool. In a case like this freedom is interpreted as conscious necessity. Thus a senior associate and engineer of the State Scientific Center has realized that you can't survive without potatoes and feels free only in his vegetable garden.

So there is a good reason to take stock and ponder "where we go from here." It would be a normal and natural event to first listen to a report from the president on the work done and the results of the "5-year plan period" (1991-1996) and then make our choice. This practice is a tradition in all countries and for all elected posts, but since we have been duped again let us try to work out independently where the reforms of the past five years started and where they have ended up.

— The declaration of Russia's independence in 1991 led to the disintegration of the USSR.
— Privatization by Chubays, who through vouchers translated into reality Sharikov's dream from M. Bulgakov's "Heart of a Dog": "Grabbing and Sharing Out Everything in Equal Parts."
— Gaydar-style price "liberalization," which slashed the value of the population's savings by increasing prices.
— The armed attack on the "democratically elected" parliament and the adoption in 1993 of the new Constitution designed to suit the current president.
— War in Chechnya and the growth of crime and corruption throughout the country.
— The death rate outstripping the birth rate in "peace" time and a reduction in life expectancy.
— A catastrophic decline in production.
— A decline in the gold reserves and an increase of over $130 billion in the foreign debt, which will have to be paid for not only by us but by our children and grandchildren.

As a result of the reforms which have been implemented all state (public) property has ended up in the hands of officials, the party nomenklatura, and "shadow economy" capitalists. Or foreigners. A voucher was valued at $5, a simply ridiculous price for all the riches accumulated by previous generations. The main slogan "Money Above All," or "Get Rich at Other People's Expense," led to a decline in morals and the growth of crime.

The "reformers'" ideological basis is anticommunism, which denies all previous achievements on the basis of what happened in the 1930's. When Khrushchev condemned the personality cult it improved the health of society and led to an upsurge in the 1960's. The second return to this topic in the late eighties tainted society with ptomaine poisoning. Lessons must be learned from history, but it must not be constantly maligned and the link between eras must not be broken.

As the well-known saying goes: "Don't shoot at the past with a pistol or the future will shoot at you with a cannon." We are being constantly referred back to 60

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years ago and being made to forget what the situation was 10 years ago.

In view of the fact that average male life expectancy is less than 60 years, most of our citizens are unable to assess those times on the basis of their own experience and thus trust those who are again rewriting history on the basis of certain premises.

Former members describe the party as criminal; previously they made a career in it in and now they are making money out of writing condemnatory books and describe themselves as "democrats" when the more correct term would be demagogues. Democracy is the power of the people, whereas now there is no two-way communication in society and people are governed through the television, with facts juggled, no attempt made to find a consensus, or people simply duped.

On the basis of his own experience every citizen can assess the results of these last five years and answer the simple questions:

— How has my living standard changed in the last five years?
— What lies in store for me if Yeltsin's previous policy is pursued?
— In what ways was Soviet power bad or good for me?

In brief, the elections are over and it would be nice to know what lies in store for us in the future, that is, to have a specific plan of action by the leadership for the next four years.

Again observing a new old president take the oath on another constitution and then waiting for the next drubbing of parliament and score-settling in government is an utterly joyless prospect. What is needed is an idea capable of uniting society. Going around in circles in the dark is the fate of the deluded; it is time to think and decide which way to go. General assertions that the market will sort everything else should obviously be abandoned and a transition made to concrete actions and plans.

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CIS: ITAR-TASS Carries Press Review for 24 Jul

LD2407075196 Moscow ITAR-TASS in English 0455 GMT 24 Jul 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, July 24 (Itar-Tass) — Todays's newspapers focus on the economic situation in Russia ROSSIYSKAY GAZETA comments on a resolution adopted by the Federation Council on financing the 1996 harvesting campaign. The newspaper pointed out that the Russian agrarian-industrial complex is suffering from shortages of agricultural machinery. Only 273,000 pieces of agricultural machinery fit for use are available now, while the real number of agricultural machinery needed for agriculture is 400,000-450,000, the newspaper said.

ROSSIYSKAYA GAZETA publishes a resolution by the Russian Government on the federal purpose-orientated programme of fighting crime in 1996-1997 and carries the text of the programme. In another article the newspaper comments on a resolution adopted by the Russian Constitutional court postponing hearings into the constitutionality of a number of articles of the Charter of the Tyumen region.

ROSSIYSKIYE VESTI says that the Russian Government reduces the quota for duty-free goods to be imported into Russia by physical entities from 2.000 to 1.000 US dollars. If the quota is exceeded, a single customs tariff is established worth 30 per cent of the customs cost of imported goods, but which should not be below 4 ECU per kilogram. If the total cost of the imported goods is over 10.000 U.S. dollars or if their weight exceeds the quota by 200 kilograms, customs duties are charged in accordance with the general rules, tariff and non-tariff regulations, and taxation and customs rules envisaged for participants in foreign economic activities.

Izvestia comments on the criminal situation in Moscow and measures taken by the Moscow police to clear the city of criminal elements. The newspaper says that almost all unregistered "guests" of the city expelled by the Moscow police come back. If there are incidents of human rights violation during such police raids, those whose rights were infringed upon prefer not to lodge complaints against the authorities so as "not to make things worse." No complaints have been submitted to city courts either, the newspaper said.

KOMSOMOLSKAYA PRAVDA comments on a sharp increase in the number of AIDS cases in Russia. Over the past two months, 200 people have tested positive to the AIDS virus. A total of 1.269 people suffering from the AIDS infection, including 277 children, are under medical control in Russia now. Doctors account for the spread of the AIDS virus by the fact that it "penetrated" into the medium of drug addicts. Almost all drug addicts registered in Kaliningrad, Saratov and Tyumen have been infected.

In another article the newspaper says that archaeologists found 547 ancient silver coins on the territory of the Kazan Kremlin. The coins have an unusual oval shape and were called by experts "petals." The findings date back approximately to the XYII century.

In another article KOMSOMOLSKAYA PRAVDA warns the population against the consumption of radioactive meat. The contaminated meat might be sold at any Russian city. "Cows which fell victim to radioactive contamination in Mogilev (Belarus) and later brought to Arkhangelsk had been sick for about a month before one of commercial structures brought 17 tons of contaminated beef to a city central market. The first samples taken by veterinary experts and examined for radioactivity showed that the concentration of strontium in the bones of Byelorussian cows exceeded the permissible norm almost threefold. In connection with this incident the newspaper wonders weather the so-called "beef friendship" between the Arkahngelsk region and Belarus will be broken off. However, experts are not inclined to take a biased approach to the Byelorussian beef since several batches of beef examined by Arkhangelsk veterinary experts met sanitary norms and were allowed for sale at a local market.

Russia: U.S. Official Davis Addresses Yerevan Press Conference

MM2207115596 Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 96 p 5

[Report by Emmanuil Mkrtchyan: "Leaving With a Feeling of Optimism"]

[FBIS Translated Text] Yerevan — The visit to the Transcaucasus republics by the U.S. Government delegation headed by Mrs. Lynn Davis, under secretary of state, was devoted to a discussion of the problems of regional security connected with the treaty on the Limitation of Armed Forces in Europe and in particular the agreements on flank limitations.

She stated at a final press conference in Yerevan that at meetings with the leaders of Georgia, Azerbaijan, and Armenia there was a discussion of these republics' fuller participation in the NATO "Partnership for Peace"program, which, she believes, will promote

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the creation of a network of regional cooperation and create prerequisites for the solution of problems existing in the region.

It may be supposed that official Washington is preparing for the start of a new wave of diplomatic activity in the region connected primarily with the elimination of obstacles in questions of the transfer of Caspian oil to the West and further ways of settling the Karabakh problem.

The subject of the deployment of Russian troops on their territories was discussed in all three republics during the visit.

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Russia: Primakov Stresses Importance of ASEAN Partnerhsip

LD2407094996 Moscow ITAR-TASS in English 0909 GMT 24 Jul 96

[By Andrey Bychkov, Viktor Khrekov]

[FBIS Transcribed Text] JAKARTA, July 24 (Itar-Tass) — Russian Foreign Minister Yevgeniy Primakov stressed the importance of Russia being granted a status of a full-fledged ASEAN partner taking part in the ASEAN dialogue, saying that this was "a significant and not accidental" decision. Primakov addressed foreign ministers of states and associations — ASEAN partners, including the United States, Japan, India, China, Canada, the European Union, at a conference which opened in Jakarta today.

Primakov noted that the recent presidential elections in Russia were a convincing proof that reform in all aspects of life in the Russian society had become irreversible and that retreat to the past was impossible. Russia has also confirmed its foreign policy course aimed at creating world order based on principles of general security, respect for sovereignty, independence and territorial integrity of states, fulfillment of international obligations, and mutually advantageous cooperation, he said.

Carrying on a dialogue with ASEAN, Moscow proceeds from the assumption that this dynamically developing regional group is turning into one of the most important poles in the modern multi-polar world. Special significance attached to the expanding cooperation and interaction between world leading countries and ASEAN countries, the foreign minister said.

The Association of Southeast Asian Nations includes Brunei, Vietnam, Indonesia, Malaysia, Singapore, Thailand and the Philippines.

Russia: Primakov Welcomes Nuclear-Free Zone in Southeast Asia

LD2407102096 Moscow ITAR-TASS in English 0955 GMT 24 Jul 96

[By Andrey Bychkov, Viktor Khrekov]

[FBIS Transcribed Text] Jakarta, July 24 (Itar-Tass) — Russia welcomes creating a nuclear-free zone in South East Asia and reiterates its readiness to join the 1976 Bali agreement on friendship and cooperation in the region, Russian Foreign Minister Yevgeniy Primakov said.

Speaking at an ASEAN post-ministerial conference in Jakarta on Wednesday, Primakov said that Russia had clear guidelines for cooperation with the Asian Pacific region. The guidelines include developing mutually beneficial relations with all countries of the region, ensuring reliable security on the Russian Far East borders, creating favourable conditions for economic reforms in Russia and economic development in the Far East.

Russia is attending the ASEAN conference as the association's dialogue full partner for the first time. Aside from Russia, ASEAN dialogue partners are the European Union, the United States, Japan, India, China and some other countries.

Stability in the region is linked with development of economic relations between countries, Primakov said.

The Russian Government takes steps to encourage ties between Siberia and the Far East and Asian Pacific countries. This found reflection in the recently-approved federal programme for economic and social development of Siberia and the Far East in 1995-2005.

Russia considers cooperation with ASEAN as one of its priorities in its Asian Pacific policy. Moscow welcomes uniting all the countries of the region in the association. Creating a ten-nation association will open a new page in the life of the peoples of the region, the minister said. He meant joining in the future of Cambodia, Laos and Myanma to the ASEAN seven countries — Brunei, Vietnam, Indonesia, Malaysia, Singapore, Thailand and the Philippines.

The Association of East Asian Nations gives a stabilising current to international relations in the region, including its calls for South Chinese Sea peaceful settlement by recognising single China and for political settlement in the Korean peninsula, Russian Foreign Minister Yevgeniy Primakov said.

Speaking about Moscow concrete ideas of cooperation with the association, the minister proposed to join the Euro-Asian railway construction project and set up a centre for space monitoring and communication in the region.

Russia: Primakov Urges 'Impetus' To Better Relations With Japan

MM2407100896 Moscow KRASNAYA ZVEZDA in Russian 24 Jul 96 p 3

[Report by ITAR-TASS correspondents Andrey Bychkov, Viktor Khrekov on interview with Russian Foreign Minister Yevgeniy Primakov on 23 July in Jakarta: "Russian Federation-Japan: Dialogue Continues"]

[FBIS Translated Text] Russia and Japan have reviewed scenarios for bilateral contacts in the immediate future. This was stated by Russian Federation Foreign Minister

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Yevgeniy Primakov in an interview with ITAR-TASS after his meeting with Yukihiko Ikeda, head of the Japanese Foreign Ministry, which took place in the Indonesian capital.

Calling the conversation "substantive and informal [neprotokolnyy]," Primakov reported that an understanding had been reached with the Japanese side about the Russian Federation foreign minister's visit to Tokyo, which is scheduled for November. That will be followed by a second session of the Intergovernmental Commission for Trade and Economic Cooperation. Next year the Russian defense minister is also due to make a return visit to Japan. It was also decided to take action to bring the sides' positions on the question of fishing in the South Kurils zone closer together — the talks on this subject are continuing.

In the Russian Federation Foreign Ministry chief's opinion the upcoming jubilee — the 40th anniversary of the restoration of diplomatic relations between Moscow and Tokyo (19 October 1956) — must be utilized to give impetus to the development of Russian-Japanese ties in all areas.

As regards the territorial question, Primakov observed that "this problem was not broached in harsh language: It is quite clear that we adhere to the Tokyo Declaration, which testifies to our intention to move toward the signing of a peace treaty and, as progress is made in this direction, to try to resolve the disputed questions which exist between the two countries."

Russia: Primakov Stresses Seriousness of Chechen Situation

LD2307170596 Moscow ITAR-TASS World Service in Russian 1604 GMT 23 Jul 96

[By ITAR-TASS corrspondents Andrey Bychkov, Viktor Khrekov]

[FBIS Translated Text] Jakarta, 23 Jul — Russian Foreign Minister Yevgeniy Primakov stated at a joint news conference with U.S. Secretary of State Warren Christopher in the Indonesian capital today that a sufficiently serious and difficult situation had taken shape in Chechnya. The news conference was held after the meeting of the leaders of the foreign policy departments of the two countries aside from the international events that are taking place in Jakarta under the aegis of the Association of South East Asian Nations (ASEAN).

"We are pursuing a policy of holding talks, of solving the Chechen issue peacefully," the Russian minister said. But he said that "this by no means signifies that there will be no response to the sorties that are being carried out against the federal forces.

Unfortunately, Primakov continued, the opposing side that is holding the talks is not always in control of the situation. Sometimes individual field commanders simply do not obey them.

At the same time, the minister expressed optimism, having stressed that "no solution is possible without peace talks."

Russia: Primakov, Christopher Call For Timely Elections in Bosnia

LD2307180396 Moscow ITAR-TASS in English 1753 GMT 23 Jul 96

[By Andrey Bychkov, Viktor Khrekov]

[FBIS Transcribed Text] JAKARTA, July 23 (Itar-Tass) — Russia's Foreign Minister Yevgeniy Primakov and U.S. Secretary of State Warren Christopher "confirmed mutual desire that the elections in Bosnia be held on time and emphasized the necessity to remove all barriers to the polls in that republic", according to Primakov.

"Russia and the United States are already working on it," he told a press conference, following his Tuesday meeting with Christopher in Indonesia's capital Jakarta at which they discussed the situation in the former Yugoslavia and in the Middle East.

As regards the situation in the Middle East, the sides want "the peace process proceed without big pauses." In this light, Moscow and Washington welcome the positive results reached in the course of the visit to Cairo by Israel's Prime Minister Benyamin Netanyahu, his negotiations with Egypt's President Husni Mubarak and contacts with head of the Palestinian autonomy Yasir 'Arafat.

Russia: Russia, U.S. Ready To Support Nuclear Test Ban Draft Treaty

LD2307160696 Moscow ITAR-TASS in English 1550 GMT 23 Jul 96

[By Viktor Khrekov]

[FBIS Transcribed Text] JAKARTA July 23 (Itar-Tass) — Russia and the United States issued a joint statement in the Indonesian capital on Tuesday saying they were ready to back the existing draft treaty on a comprehensive nuclear test ban, although it did not fully suit them.

The statement issued after a meeting of Russian and US foreign ministers, Yevgeniy Primakov and Warren Christopher [title as received], said they were ready to support the draft treaty submitted on June 28, "although is does not fully satisfy both parties".

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Primakov also told Tass that Russia will sign the treaty in case it is joined by all nuclear powers, as well as by three states which are close to obtaining nuclear weapons.

"This may happen only in case the document is ratified by all states possessing nuclear weapons and the three 'threshold' countries — India, Pakistan and Israel", he said.

Moscow and Washington called on other participants in the talks to back the draft treaty so that it can be approved by the Conference on disarmament which opens on July 29 and submitted for the consideration of the UN General Assembly.

Primakov and Christopher are participating in ASEAN talks in Jakarta.

Russia: Rodionov To Do 'Utmost' To Resolve Black Sea Fleet Problem

LD2307122596 Moscow INTERFAX in English 1127 GMT 23 Jul 96

[FBIS Transcribed Text] Sevastopol, July 23 (Interfax) — Russia's Defence Minister Igor Rodionov will do his utmost to resolve the Black Sea Fleet problem in the near future. He made a statement to this effect in a telephone conversation with BSF Commander Viktor Kravchenko on Monday.

"I am well aware of the Black Sea Fleet sailors' staunchness, I am sure they will not let us down," the Minister said.

In the course of the conversation he notified the BSF Commander that the later was expected to present a more detailed report on the situation around the BSF problems.

I. Rodionov congratulated the BSF personnel and expressed best wishes on the occasion of the forthcoming Navy Day. Russia is going to celebrate the 300th anniversary of her navy.

"Russian Defence Minister's decision to make his first phone call to the Black Sea Fleet out of all other military districts and fleets is evidence of the significance he attaches to the problems being tackled here," the Black Sea Fleet Commander emphasized.

Russia: Ties With Europe, Regions Examined

MM2307143396 Moscow RABOCHAYA TRIBUNA in Russian 19 Jul 96 p 4

[Account by Anna Kozyreva of interview with Vasiliy Likhachev, head of the Tatarstan State Council; date and place of interview not given: "Will Elite Home's Residents Understand Neighbors From Two- Storied Building" — quotation marks as published]

[FBIS Translated Text] Vasiliy Nikolayevich Likhachev heads the Tatarstan State Council. In January this year he was also elected deputy chairman of the Federation Council. He is a doctor of juridical sciences and an expert in international law, and therefore he has been given the job of coordinating the work of the committees on constitutional legislation and judicial and legal questions, on international affairs, and on CIS affairs. Likhachev is also a member of our country's parliamentary delegation to the Council of Europe.

Here is what Vasiliy Nikolayevich had to say about our participation in the Council of Europe's work. Likhachev believes that Europe without Russia is not Europe. He thinks that the very fact that our country is joining this organ must be taken very seriously by all Russians. Because it is a question of a new role for our country, a role which it can play in European politics. Russia is accepting European standards, but on the other hand Russia is bringing its own view of various problems and its values to this organ.

"I have always said that our relations with the Council of Europe are a mutually advantageous marriage. The meeting between Mr. Martinez, former chairman of the Council of Europe Parliamentary Assembly, and Leni Fischer, its current chairman, showed that nobody in the Council of Europe has the right to teach anybody else and that all states are equal here. But all members of the Council of Europe are committed to learning from each other. That is the essence of new European politics," my interlocutor believes.

In other words, if our country stated that we are building a state in which human rights and freedoms will be respected and that we are trying to create a democratic society, then we could not exist outside European standards.

The joint participation of a number of former USSR republics in the Council of Europe will provide an opportunity for special cooperation — cooperation on a European level. In Likhachev's opinion this should give a certain stimulus to the integration processes in CIS countries.

Likhachev is putting forward an initiative — to introduce an "International Protection of Human Rights" course in schools and higher educational establishments so that everybody in our country is aware of information on European standards. Special literature is also needed. The Council for Europe has promised to help Russia publish the relevant documents.

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Of course, today both new laws and new obligations have appeared in our country. In order to enable Russia to become a full member of the Council of Europe, we must amend current Russian legislation so as to bring it into line with international norms and agreements.

According to Likhachev the Federation Council must carry out work in two areas: It must bring the legislation of Russian republics, krays, and oblasts into line with Federation-wide and simultaneously with Europe-wide legislation. New normative acts must also be created. It turns out that European standards are starting to influence the federal center's norm-creating political activity and that simultaneously they are also forcing regional legislators to act. The Federation Council must synchronize these two processes. Essentially it is a question of strengthening the foundations of Russian federalism.

Incidentally, Vasiliy Nikolayevich himself took part in the work on the Tatarstan Constitution. That is why he believes that the sections of Tatarstan's Fundamental Law concerning human rights, freedoms, and obligations fully conforms to European legal norms. When asked to what extent Europe is worried by the Russian presidential election that has just been held, Likhachev replied as follows:

"European parliamentarians, punctiliously observing the rule of noninterference in another state's internal affairs, believe that Russia, having signed certain international treaties, must observe them. The new president must profess two things: He must respect the country in which he lives, respect its national state interests, and if necessary must not hesitate to speak up about these interests and about their protection. He must unfailingly proceed from the premise that Russia is a great country which is not locked into domestic problems but which is participating in the building of a new world order.

As regards the work of parliament's upper chamber, Likhachev stressed that a more serious approach toward interethnic relations in Russia is needed here. It is necessary to create conditions such that a representative of any nationality, irrespective of where he lives, does not feel oppressed.

"Today the tragedy of big-time politics," he said, "is that we have lost sight of the individual human being. But we must guarantee everybody both a subsistence minimum and constitutional and legal status. We talk generally about Russians, but in addition we are all Bashkirs, Tatars, Chuvash, Nenets.... Somewhere lives a grandfather who captured the Reichstag, somewhere else a student with absolutely different problems and interests. We must forget nobody and nothing. Including the national 'I.' We legislators must adopt laws on ethnic relations and federalism and Federation-wide programs to develop ethnic cultures.

The problem of ethnic mutual relations inside Russia goes hand in hand with the problem of demarcating the powers of the Center and the regions and with the question of budget federalism.

As is known, such a treaty between the Russian Federation and the Republic of Tatarstan was the first to be signed. Nov. there are already 13 of them. Unfortunately, so far this process has been somewhat chaotic. It is not yet clear whether it is possible to sign special treaties with all 89 Federation components. Three components are located on Tyumen Oblast territory alone. Will some legal conflict not arise if they all sign their own treaties with the Center?

Will some regions ultimately not envy others, believing that their neighbors have obtained more rights? That is something for the senators to ponder. That is why a law regulating all problems regarding mutual relations between the regions and the Federation is so necessary. Furthermore, it is necessary to stipulate within the Federation's framework which powers remain at local level and which are transferred to the Center. This process must also be regulated by law. At any rate, the protection of borders and questions of war and peace must be decided at federal level, the federal authorities must be responsible for transportation, the energy system, communications, gas and oil pipelines, foreign policy, funadmental research.... In principle there could be a situation whereby the constitutional provisions concerning a component's legal status will have to be changed. Naturally, the regions will have their own powers. The Center will be relieved of its petty guardianship. But in any case there must also be common powers. These are precisely what will link the separate parts into a whole, the regions into a united state.

It is also clear that all regions will differ in their economic development. Likhachev cites the following graphic comparison:

"There are regions like Tatarstan or, say, Sverdlovsk Oblast, which could quite easily build a well-designed nine-storied apartment block, and there are those which cannot even afford a modest two-storied block. Might these blocks' residents not envy each other and not build normal mutual relations? That is the problem which the Federation Council must solve. For me there can be no question that the regions' relations must be built on the basis of law and justice. How can this be done in reality? For example, Tatarstan is prepared to help set up Tatarstani schools and cultural centers in any Russian region. This principle — combining efforts to

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solve certain questions — could directly help to forge normal interregional relations.

So, it is clear that we have just begun to create a real Russian Federation which looks after the interests of the peoples populating it. We have just begun work to ensure that every person is really confident that the state is watching out for his interests. We are just beginning to live in the European community. Currently legislators have more questions than answers. But the main thing is not to deviate from the chosen path. To go forward and not turn back. This must be borne in mind when going to the polls 16 June [date as published].

Russia: Arctic Border Problems Viewed

MM2307124996 Moscow RABOCHAYA TRIBUNA in Russian 20 Jul 96 pp 1, 3

[Report by Sergey Doronin: "North Asks for Protection"]

[FBIS Translated Text] Murmansk-Arkhangelsk-Vorkuta — Of the slightly more than 60,000 km of Russian borders about 13,000 are in the Arctic.

When several years ago by virtue of a whole series of circumstances we had to curtail our military presence in the Arctic a general I know who was commander of an air defense formation commented as follows on the decision by the Defense Ministry leadership at the time:

"There is no reason to withdraw our formations from the islands and shore. The time has not yet come to leave the North without cover, especially as our indefatigable neighbors will hardly react in the same way. They will not leave us unheeded...."

"I Am Carrying Out Reconnaissance"

The general must have had a presentiment. Our NATO partners did not accept the rules of the game we had given in the spirit of the "new political thinking." The NATO coalition forces together with the national armies of a number of Western countries are continuing consistently to rehearse combat collaboration under the conditions of the extreme North. Which has been helped to a considerable degree by Norway, which used to avoid annoying its neighbor: Since October last year it has lifted all restrictions on exercises East of the 24th longitude East.

The nature of the exercises and the numbers of the forces enlisted vary, there is just one enviable constant: The frequency and scale of the maneuvers is increasing and they are all initially subordinated to one combat idea — "the localization of the crisis situation arising under the influence of the aggravation of the sociopolitical situation in the Russian North." In its dynamics this "training" looks like this: In 1994 there were 40 different maneuvers on Norway's territory and in its coastal waters while last year there were nine and in the first six months of this year 11.

Nor has NATO's reconnaissance activity in the Arctic declined at all. British, U.S., French, and Norwegian aircraft are tirelessly observing us from the air, while U.S. and Norwegian ships constantly patrol the sea. Scientific research ships have also been involved in very delicate tasks. They include the Norwegian navy ships Kh.Yu. Sverdrup-II [name as transliterated] and the Jan Mayen. Sometimes the "scientists" operate in a provocatively shameless manner. I was told about a quite recent incident involving the Kh.Yu. Sverdrup-II by Russian seamen from Murmansk. In response to a question from our civilian ship about what the scientific research ship was doing in the economic zone of the Russian Kara Sea there came a cynical reply: "I am conducting reconnaissance."

The NATO intelligence structures' interest is traditional. They want to know as much as possible about the places where the Northern Fleet ships are based, their technical state, test ranges, the industrial and defense enterprises of Murmansk and Arkhangelsk Oblasts, and Plisetsk cosmodrome installations. Recently they have also wanted to know about the oil and gas deposits of the Russian Arctic seas' continental shelf.

But the saddest thing is that we ourselves often help to satisfy this interest. Last year over one third of all expedition work in the Arctic was carried out with the direct participation of scientists from the United States, Germany, Norway, Finland, and the Netherlands. About 80 research groups worked constantly, collecting various information. And in the spring of this year Finnish specialists on their own aircraft took aerial photographs of the Barents and Kara seas and the islands of Vaygah and Kolguyev. They did not share the information they obtained with us.

That is how the Arctic looks if you view it with the eyes of a military man. Here you cannot help wondering against whom NATO is "forming friendships," for the sake of what partnership?

Morals of the Wild West in the Far North

First a brief story with a semicriminal flavor. Few people know that in Murmansk Oblast there are places of which affluent foreigners have become the owners through licenses. They are mainly small protected rivers rich in salmon. One of these comfortable settlements is in Lovozer, the center of Lappish culture. People are brought here direct from the airport by helicopter for an

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exotic fishing trip. A day in this camp costs the lover of exotica $1,000.

How many of these facilities there are, where the hundreds of thousands of dollars go and on what — the oblast and rayon authorities keep all this information strictly secret.

But this is all trivial stuff....

Western analysts long ago calculated that the Arctic shelf, which occupies 4.9 million square kilometers, is one of the last strategic reserves of world oil and gas stocks in the Northern hemisphere. Russia's share of the oil is 10 percent and its share of gas 40 percent.

One can understand the foreign companies' interest in the new oil and gas deposits. There are example of these companies operating with our own enterprises and developing large investment projects. At the same time Russian interests are often flouted. In playing the "ecological card" the gentlemen exaggerate the size of accidents at Russian oil pipelines and compromise the actions of Russian oil and gas men.

Under the guise of protecting the interests of the indigenous population of Arkhangelsk Oblast attempts are being made to prevent the start of the industrial mining of diamonds at the Lomonosov deposit by the "Severoalmaz" joint-stock company. And the widely published revelations of the inhumane methods Russian hunters use in the slaughter of white seals have been used to force Russia out of the international fur auctions...

Foreign companies' plans to grow rich at the expense of the Russian Arctic region's natural resources are borne out also by their desire to resolve independently the problem of delivering the raw material they extract to Western Europe, the United States, and Japan. There are the legal studies on the Arctic Sea shipping route carried out within the framework of the "INSROP" international program and the illegal studies. In April-May last year American and Finnish specialists on the tanker Uikko [name as transliterated] checked the ship's fitness for operation under icy conditions. The aim was to prepare recommendations for the creation of ice class tankers. In august of the same year having chartered the ice breaker-transport ship Kandalaksha from the Murmansk maritime shipping company the Japanese sailed the Northern Sea route. They are taking a very serious look at the economic advantages of this Arctic route and the legal aspects of internationalizing the Northern Sea Route.

Anarchy Beyond the Arctic Circle

When Yuriy Neyelov, head of the Yamalo-Nenetsk Autonomous Okrug administration, met with Lieutenant General Konstantin Pleshko, commander of the Arctic group of border troops, he literally implored him:

"I know that the state only gives you a pittance. But I still ask you to give us border guards and we will provide them with everything ourselves. Otherwise we will not be able to stop the anarchy now ruling in Yamala and the Ob Bay...."

Yuriy Vasilyevich was laying it on a little thick in some respects but he identified the problem clearly. The predatory attitude toward nature, the orgy of poaching, the smuggling of valuable raw material are things which the law enforcement organs cannot cope with on their own. They cannot manage without the intervention of the border guards and the establishment of strict order on this sector of the border.

One recent example graphically demonstrates that criminal groupings have become firmly entrenched in the Arctic too. During an examination of the nuclear transport barge [likhterovoz] Sevmorput in the port of Dudinka an impressive quantity of cobalt hidden in two trucks was discovered. And there was more to come. One of the trucks was on its way to Murmansk while the other was to travel from Murmansk to Moldova.

Smuggling nonferrous and rare earth metals and raw material for defense and strategic purposes is a dangerous but highly profitable business. Because there is no shortage of customers and they do not quibble at the price. As a rule the smugglers acquire this commodity at enterprises and it is there that they get rich with fake documents. So that at the Murmansk and Dudinka checkpoints the border guards and customs officials have to really cudgel their brains before recognizing a forgery.

But the fishermen still have the upper hand. According to the Norwegian mass media reports in the second half of 1995 alone 15 Russian vessels, which by forging documents when handing over fish produce to local entrepreneurs earned over 1 million krone, came to the attention of the Norwegian "ekokrim" [name as transliterated] police service.

Incidentally, there is no shortage of people anxious to sell their catch in the Norwegian ports. In just a year something like 6,500 fishing vessels dock here. Not only Russian ships but also ships from the CIS. Traders are pleased with this influx — there is a range from which to choose suitable goods and they can pay less for them.

The so-called transit migration has become a problem for the Arctic. It does happen that Africans find their way to the tundra. As a rule they are isolated individuals counting on reaching the border with the aid of a map from a geography textbook. But there are other

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channels. There was an attempt to set up one of these for people from the Near East. They traveled under the guise of Poles with genuine Polish documents.

All this obliges the Russian, Norwegian, and Finnish border departments to seek ways of collaborating because it is futile trying to struggle against the criminal world alone. It is true that law-abiding citizens do not always take steps to toughen up control at the checkpoints as something normal. But it is not a case of the convenience of the individual here — the interests of states' security are far more important.

Russia: Relations With CIS Members, Baltics Viewed

MM2307133296 Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 96 p 8

[Interview with Oleg Bogomolov, chairman of the Federation Council Committee for CIS Affairs, by Anna Kozyreva under the "Integration" rubric; date and place not given: "Baykonur's Lease Could Become Cheaper"]

[FBIS Translated Text] Oleg Bogomolov heads the Federation Council Committee for CIS Affairs. The conversation of ROSSIYSKAYA GAZETA's correspondent with him concerned integration processes in the post-Soviet area in general and the quadrilateral Agreement on Integration in particular.

[Kozyreva] Oleg Alekseyevich, what priorities would you single out in the work of the Committee for CIS Affairs and in the Federation Council's work to increase cooperation between the CIS countries?

[Bogomilov] The most important task,naturally, is the creation of the legal basis of our cooperation and the alignment of national legislation. This involves the joint elaboration of model legal acts by the parliaments of CIS member states and work in the Interparliamentary Assembly and in the newly created parliamentary organs. For example, the chairman of the Kyrgyz parliament is the leader of the Interparliamentary Committee of the "Four," but we drew up the standing orders of this committee and its functions and obligations. The first documents, which we will adopt at the end of July, were prepared with the very active cooperation of the Russian Federation Council.

[Kozyreva] And do you think that it will be possible to resolve practical problems such as, for example, the problem of Baykonur, in the framework of the agreement of the "Four"?

[Bogomilov] In principle we are thinking about resolving the question of leasing Baykonur on terms more favorable to Russia. Possibly we will find certain other options within the framework of the union of the "Four," and we will not go on paying Kazakhstan $150 million every year.

[Kozyreva] As for our contacts with Belarus, will you be operating as a single parliament?

[Bogomilov] I do not see in general how any integration is possible unless everyone understands that we need a single legislative field. You yourself understand that, for example, two teams would not be able to play football in the same match on one field under different rules. There would simply be no game! We should have identical taxes and an identical financial and credits system.

[Kozyreva] In my opinion, the Russian leadership is correctly reproached for the fact that our country in many ways remains a donor to the CIS republics. And, it would appear, they do not intend to pay back what they owe us for the delivery of oil and gas.

[Bogomilov] You are correct, but only in part. Yes, we are owed a lot of money. And we cannot forget this. The problem of nonpayments and the problem of a payments union is also being studied by the Federation Council. But, on the other hand, we should not talk only about debts. We should also think about the benefits that we derive from cooperation. We are constantly weighing up how much we are losing and how much we are gaining. And the benefit to Russia frequently outweighs the debt which they are not paying back to us for the time being. There cannot be an unequivocal answer here. If we forget about state interests and think only about the debts which Ukraine and Belarus, for example, owe us, we will end up with a NATO base outside Smolensk!

[Kozyreva] In general, the problem of our relations with Ukraine remains very complex. What opportunities do you see for improving relations?

[Bogomilov] I believe that the problem became so acute because we did not define our positions clearly immediately upon the collapse of the Union. It may be said that we played into the hands of those who accused Russia of imperial ambitions. And since we ourselves were afraid to talk about the existence of our interests in Crimea, for example, the Ukrainian nationalists took advantage of this and began dictating their terms. As a result, the problem of the Black Sea Fleet has become extremely tangled. Personally my position is as follows: Sevastopol is a city of Russian seamen. There should not be two fleets based there. In general, I do not understand how the question of sharing the Black Sea Fleet with Ukraine ever arose. How do we get out of this situation now? We are trying to do something, but, I repeat, much time has been lost. And the situation is deteriorating with every month. We are working in conjunction with

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the Ministry of Foreign Affairs and the government. And not just on the solution of these questions.

I also want to remark that our committee is also studying the problems of relations with the Baltic States, which do not belong to the CIS. We are working actively with the Russian communities in Latvia, Lithuania, and Estonia. Naturally, we are concerned by the violation of the rights of the nontitular peoples in these states. Again, I say with regret that, in recognizing the independence of the Baltic countries, we did not think about the rights of the Russians who remain living there, about their citizenship or their property rights.

I should say that today Russia is finally beginning to conduct a clearer nationalities policy and is defending its interests and its advantages increasingly firmly. Credit must also go to our parliament for elaborating this policy.

Russia: Fuel Deliveries to CIS Partners Reduced

MM2407084596 Moscow FINANSOVYYE IZVESTIYA in Russian 23 Jul 96 p i

[Petroleum Information Agency report under the "News" rubric: "Russia Has Curtailed Deliveries of Oil and Gas to CIS Countries"]

[FBIS Translated Text] According to the preliminary figures supplied by the Russian Ministry for Cooperation With the CIS States, CIS countries obtained 12.238 million tonnes of oil, 42.7 billion cubic meters of natural gas, 104,600 tonnes of motor gasoline, 131,200 tonnes of diesel fuel, and 156,300 tonnes of furnace fuel oil from Russia in the first half of 1996. Deliveries of Russian crude oil and natural gas to CIS consumers during the first six months of the current year were 95 percent of the figure for the corresponding period in 1995. Eleven percent less motor gasoline, 64 percent less diesel fuel, and 66 percent less industrial fuel oil were sold.

Russia: Baburin Speaks on Integration With Belarus

MM2307144496 Moscow RABOCHAYA TRIBUNA in Russian 20 Jul 96 p 2

[Interview with Sergey Baburin, deputy chairman of the Community of Sovereign Republics parliamentary assembly, by Svetlana Kasumova; date and place of interview not stated: "Integration Is a Process Which Has a Point If It Has a Goal"]

[FBIS Translated Text] Russia and Belarus did not have time to shake each other's hands after uniting into the Community of Sovereign Republics before this step immediately gave rise to a stormy response. There are disputes of the most varied kind. From the sacramental "to be or not to be?" to the less radical "What should this union be like?" Sergey Baburin, deputy chairman of the State Duma and deputy chairman of the SSR [Community of Sovereign Republics] Parliamentary Assembly, has his own, perhaps not entirely uncontroversial, view.

[Kasumova] Sergey Nikolayevich, some people see in the rapprochement of Russia and Belarus an "unequal marriage" in which Russia loses more than it gains. Others, on the contrary, believe this is an encroachment on Belarus' sovereignty and integrity. There are also those who see in the SSR a powerful impetus to further integration. What could you say on the subject?

[Baburin] In May I spoke at the German Foreign Policy Society. Later, as is customary, I answered questions. One of them was put quite stringently: "Why does your country need Belarus? Why take on an excessive burden? After all, Russia itself is now in a grave economic situation." To which I replied in the following vein: "But why do you need a burden like East Germany? After all, you are investing billions there although you could probably find another use for the money."

On my return to Moscow I received Willy Wimmer, vice president of the Organization for Security and Cooperation in Europe. He said that many German politicians support Russia on its southern borders. But if Russia tries to restore its former borders to the West then, he noted, the Russians could lose that support.

I objected that for Russia reunification with Belarus and Ukraine is the same as reunification with East Germany for West Germany. However many years have elapsed, whatever anyone may have said, we shall follow this course because it is impermissible to divide a united family.

I was tremendously enthusiastic about the creation of the Russian-Belarusian alliance. And on 2 April I went to the Kremlin to the ceremony in a festive and cheerful mood. But having heard the two presidents' speeches I shall not conceal the fact that I was disappointed: Instead of a step toward creating a single statehood for Russia and Belarus there was in fact talk of repeating the CIS.

Nonetheless I supported the idea of turning the Community of Russia and Belarus into a full representative organ.

[Kasumova] They say that at the first session of this parliamentary assembly in Smolensk you again acted as the champion of the idea of a single statehood for

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Russia and Belarus, which generated the most heated disputes....

[Baburin] To be more precise I submitted for the session's examination the draft decree "on the Status of Citizens of the Community of Russia and Belarus States." A document, which could become the political criterion for our activity capable of determining the direction in which we move.

But during the debate passions indeed got the upper hand. Because the draft preamble included a clause to the effect that, guided by the 2 April 1996 treaty on the formation of the Community of Russia and Belarus and proceeding from respect for the sovereignty of the Community member states, confirming both peoples' desire for profound and comprehensive integration and deeming it essential to create legal prerequisites for the future transition to single citizenship, the parliamentary assembly is making a number of decisions. The first is the creation of opportunities for the unification of the two states' national legislation in the field of civil rights and liberties, the preparation of proposals for reinforcing in the two countries' legislation guarantees of freedom of movement and equal rights for SSR citizens in obtaining education, health care, and employment, labor remuneration, social protection, the acquisition of property, and so forth. I suggested instructing the commission by 1 December to elaborate and submit for the parliamentary assembly's examination a draft legislative act defining the unified status of citizens belonging to the Community of Russia and Belarus.

In other words it was necessary to determine whether we were taking a step toward a single space. But my counterpart from the Belarusian delegation, Deputy Gonchar, took the floor and categorically demanded that this be removed from the discussion. Later Semyon Georgiyevich Sharetskiy, chairman of the Belarusian Supreme Soviet and chairman of the SSR Parliamentary assembly, stated that there would be no unified state but there would be integration with the conservation of the sovereignty and Russia and Belarus.

You can understand yourself that I was obliged to raise the question: Where is this integration going? After all, integration is a process. It has a point if it has a goal. What would we like to obtain at the concluding stage?

[Kasumova] But after all, it is also probably of some importance how far the two peoples are prepared for it. And then what advantages could result form the creation of this unified organism?

[Baburin] In a single state there are no customs borders but there is a single currency, a single economic space, a single social security. Without a single state money is usually printed in one place and disappears as though into a black hole elsewhere. Many unresolved questions really do arise then: How will emission and the budget be structured and what is the role of national banks? After all, a single allied state and an alliance of states — there is a fundamental difference.

Initially I was supported by the majority of deputies from both delegations. But unfortunately since State Duma Chairman Gennadiy Nikolayevich Seleznev suggested that this question should not be discussed for the time being we have avoided the problem, pretending that it does not exist.

And although the draft decree was adopted, the main point for it has disappeared. I believe this is a mistake by the two parliaments. Although one that, I hope, can be put right.

[Kasumova] So far we are speaking only of Russia and Belarus. But is the subsequent accession of Ukraine to this union possible?

[Baburin] Hardly in the immediate future. On the other hand the leaders of Kyrgyzstan and Tajikistan said frankly at the meeting that if they were involved in the conclusion of this agreement they would be ready to sign it and join the Community.

[Kasumova] Here the question arises of whether the creation of such alliances impedes the work of the CIS?

[Baburin] To some degree I agree with the rebuke that in practice such bilateral or quadripartite treaties are inferior in potential to the treaty the creation of the CIS. But that is from the viewpoint of the texts' content. As for the intentions here the situation is different. After all, within the framework of the CIS there are republics which are burdened with specific reciprocal commitments. And the conclusion of bilateral and quadripartite treaties was generated by the desire finally to switch from words to deeds. And to really intensify integration. In some of its articles the quadripartite treaty is even more perfected than the bilateral one. Although neither of them replaces nor could replace the CIS structure.

As for the USSR I am sure that the potential for this union is great. The rapprochement of Russia and Belarus will also promote the acceleration of integration processes in other CIS states.

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Russia: Foreign Ministry Welcomes Results of Tajik Talks

LD2307143596 Moscow INTERFAX in English 1317 GMT 23 Jul 96

[FBIS Transcribed Text] MOSCOW, July 23 (Interfax) — Russia assesses the results of the Ashgabat round of inter-Tajik talks positively, spokesman of the Russian Foreign Ministry Vladimir Andreyev told a briefing in Moscow Tuesday.

The official Dushanbe and united Tajik opposition delegations signed a joint statement on a cease-fire and observance of the Tehran agreement. They reached an agreement on extending its term of action up to December 31, 1996. They also signed a protocol on an exchange of an equal number of prisoners of war by August 20.

"It is especially important to ensure the observance of the Ashgabat agreements, primarily on the cease-fire and other hostilities inside the country, especially in the Tavil-Dara area, and to prevent violations of the Tajik-Afghan border," Andreyev said.

"We hope that in line with the provisions of the joint communique adopted in Ashgabat, the parties will resume negotiations in the near future in order to discuss a package of political issues," Andreyev said.

Russia: Spokesman: Georgia, Abkhazia 'Still at Odds'

LD2307122496 Moscow INTERFAX in English 1135 GMT 23 Jul 96

[FBIS Transcribed Text] MOSCOW, July 23 (Interfax) — Georgia and Abkhazia holding talks in Moscow are still at odds on a number of key issues, Vladimir Andreyev, a senior Russian Foreign Ministry spokesman, told a briefing in Moscow on Tuesday.

The two sides differ on the mandate of the CIS peacekeeping force expiring on July 19, he said.

The spokesman said Georgia wants the mainly Russian force to be vested with police functions, but Abkhazia disagrees. Moscow says it will not agree to a new mandate unless it is approved by both Tbilisi and Sukhumi.

At the same time, there has been certain progress on some points of the regional peace plan, Andreyev said.

Russia: Roundtable on Snags of Integration With Belarus Reported

MK2407080596 Moscow NEZAVISIMAYA GAZETA in Russian 23 Jul 96 p 3

[Report by Yekaterina Sytaya: "Integration Runs Into Serious Difficulties"]

[FBIS Translated Text] Several months after the signing of a treaty on forming a community of Belarus and Russia, the question of economic union between the two countries still remains hard to put into effect. The creation of a single economic area calls for the functioning of a common market of commodities, services, capital and work force, but it is proving for the time being impossible to achieve the planned integration level on a multilateral basis within the CIS framework. The Federation Council Committee for CIS Affairs and the Federation Council analytical administration organized a "Russia-Belarus: Ways and Prospects of Economic Integration" roundtable in a bid to help in the implementation of the main provisions of the Russia-Belarus agreement.

The meeting participants pointed out that integration is hindered by differences in the two countries' economic and, in particular, tax policy. The national laws in the field of banking are out of tune. Belarus regulates import and export in a tough manner; it does not have enough convertible currency; there are nontariff barriers; there is no strict regime of trade with third countries. Chairman of Belarus Supreme Council committee for economic policy and reforms Vasiliy Shlyndikov named among the main principles of integration "reliance on own potential, ruling out free-ride mentality in the economic and social spheres" and "unacceptability of bringing ideology into integration processes."

Deputy Chairman of Belarus Supreme Council budget, taxes, banks, and finance commission Lyudmila Gryaznova expressed the hope that Belarus would manage "to bring its reforms to Russia's level." "Belarus Supreme Council cannot influence in a proper manner the executive branch, which is moving in the opposite directions, away from the reforms," she stated and called on the Russian Federation "to exert political influence on the leadership of Belarus."

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Political Issues

Russia: Yeltsin Speaks to Reporters After Talks With Chernomyrdin

LD2307150696 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 23 Jul 96

[From the "Novosti" newscast]

[FBIS Translated Text] At the Barvikha sanatorium outside Moscow today Boris Yeltsin and Viktor Chernomyrdin discussed the structure of the new Russian government. After the meeting the president answered correspondents' questions.

[Begin recording] [Yeltsin] Hallo!

[Correspondents] Hallo!

[[Unidentified correspondent] What's it like here? Are you working or resting?

[Yeltsin] How can one rest with you around? You are asking questions every day!

[Correspondent] How did your meeting with the prime minister go today? What did you discuss, Boris Nikolayevich?

[Another correspondent] Did you discuss the composition of the government?

[Yeltsin] We discussed a whole list of questions today, very serious ones, on the structure of the government and its composition. Also the composition of ministries and departments, committeesm, federal services and commissions, and personnel.

[Correspondent] Who are the main candidates for these posts?

[Yeltsin] I must say there will be changes, not big ones, but still considerable ones. [end recording]

Boris Yeltsin stressed that Prime Minister Viktor Chernomyrdin is already now preparing a proposal on the composition of the cabinet of ministers. The names of those in it will be announced only after the president's inauguration and the State Duma's endorsement of the head of the new government. [video shows a smiling Yeltsin shaking hands with Chernomyrdin and sitting down for talks with him; further shot shows a smiling and healthy-looking Yeltsin answering correspondents' questions]

Russia: Yeltsin Remains Mum on Composition of New Government

MK2407113396 Moscow SEGODNYA in Russian 24 Jul 96 p 1

[Report by Tatyana Malkina: "Boris Yeltsin Decides Fate of His Government"]

[FBIS Translated Excerpt] Although the president usually converses with the premier on Tuesday, Boris Yeltsin's meeting with Viktor Chernomyrdin held in Barvikha yesterday should without a doubt be regarded as somewhat momentous rather than routine — because on Tuesday, 23 July 1996, Yeltsin and Chernomyrdin actually decided the fate of the government of Russia. A minor technical hitch consists in that interested Russians will not be able to learn the details of the cabinet members' future until the moment an inaugurated president presents to the Duma in mid-August the candidacy of the new prime minister, Viktor Chernomyrdin. [passage omitted]

Since Boris Yeltsin seems to be firmly determined not to disclose his personnel ideas until he presents to the deputies the candidacy of Viktor Chernomyrdin, imminent dismissals and appointments remain a subject of speculations variously substantiated. For example, Aleksandr Livshits is considered the most probable candidate for deputy premier for the economy, with Aleksandr Shokhin rating second, and the most unlikely candidates — Grigoriy Yavlinskiy and some "major figure of financial circles" (he is even rumored to be a "banker") — bringing up the rear. As for Aleksandr Shokhin, government and Kremlin experts think it would not pay at all to recall him from the opposition Duma, something he also agrees with. Grigoriy Yavlinskiy seems to have gone a bit too far, and now it would take a prodigious amount of goodwill on the part of Boris Yeltsin to have him elevated to the top economic position. The anonymous candidate No. 4 remains a dark horse, although Mr. Shokhin did not deny, in a public conversation with an INTERFAX correspondent, the rumors that he is the head of ONEKSIM-Bank, Vladimir Popov.

Obviously, only one of the two "natural" candidates — either Oleg Lobov or Vladimir Kadannikov — can become deputy premier for industry. Observers believe that Boris Yeltsin would prefer the temporarily "suspended [zavisshiy]" Sverdlovsk man Lobov to Kadannikov, a Togliatti man of decent reputation. The "social affairs" job will be, it is being widely rumored, given to Viktor Ilyushin unless he gets scared. Mikhail Zadornov is so far being named as the only candidate for the position of finance minister. Yabloko's only hope for taking part in the saturated life of the inmates of the White

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House and Kremlin. According to INTERFAX information, head of the Duma NDR [Russia Is Our Home] faction Sergey Belyayev may become head of the GKI [State Committee for the Administration of State Property].

A rather reliable report on only one appointment came yesterday from informed sources in the Kremlin. Anatoliy Chubays, who edged out Nikolay Yegorov along the entire front, has been appointed chief master of ceremonies and he will now also be running Boris Yeltsin's inauguration ceremony.

Russia: Yeltsin Plans No Cut in Number of Power Ministries

LD2307164796 Moscow ITAR-TASS in English 1618 GMT 23 Jul 96

[By Andrey Shtorkh]

[FBIS Transcribed Text] BARVIKHA, Moscow region, July 23 (Itar- Tass) — Boris Yeltsin today said "substantial changes" will be made to the Russian government structure and its personal composition directly after he is sworn in as President of the Russian Federation on August 9.

Yeltsin was speaking after a 90-minute discussion of the changes with Prime Minister Viktor Chernomyrdin in the Barvikha countryside health and recreation centre where he combines vacationing with intense work.

"Today, we with Viktor Stepanovich discussed a range of very serious questions (pertaining to) the structure of the government, the number and character of ministries, departments, committees and federal services," Yeltsin told reporters.

He played down the scope of changes, but not quite: "There will be changes, not too great but nonetheless substantial, both in the personal composition and the structure."

He said "the number of federal bodies of power, members of the Cabinet of ministers, departments and committees" will diminish but refused to elaborate.

Pressed by reporters, he said, "There will be just as many power ministries as there are." He also noted that one of the Vice-Premiers will be in charge of "the entire industrial block."

Yeltsin said it was too early to make public the names of the members of the future Cabinet of ministers but specified that the names had been discussed between himself and the Prime Minister in the course of their 90-minute conversation in Barvikha today.

Yeltsin confirmed that after the inauguration he will ask the State Duma to confirm Viktor Chernomyrdin's nomination for the post of the Prime Minister and will charge him with forming the new government directly thereafter.

According to the Constitution, the Prime Minister will tender his resignation to the head of state and upon accepting the resignation, the President will submit to the State Duma his proposal concerning the candidature for the head of government, Yeltsin recalled.

He also said the personal composition of the Defence Council had been discussed during the meeting. It will later be formalised by presidential decree.

Yeltsin's press secretary Sergey Medvedev told reporters later that Boris Yeltsin and Viktor Chernomyrdin had discussed, both on Tuesday and earlier, the Prime Minister's proposals concerning the formation of a new government.

Medvedev stressed that Viktor Chernomyrdin will be able to get down to the actual forming of a new Cabinet only after his own candidature is confirmed by the State Duma lower house of parliament.

According to the press secretary, the President and the Prime Minister agreed on one point eventually: the number of federal departments will be cut, and both the structure and the personal composition of the government will be made "more compact."

Russia: Chernomyrdin Comments on Personnel Changes in Government

LD2407094196 Moscow INTERFAX in English 0916 GMT 24 Jul 96

[FBIS Transcribed Text] MOSCOW, July 24 (Interfax) — Russian Prime Minister Viktor Chernomyrdin does not rule out the possibility that several representatives of the Our Home is Russia Duma faction and several other State Duma factions will enter the newly formed government.

Speaking with journalists in Moscow Wednesday, Chernomyrdin said that the matter concerns possible entry of prominent politicians, not only representatives of the State Duma, into the Cabinet of Ministers.

Chernomyrdin said he "cannot talk with a 100-percent confidence about all candidacies in the future government, however, continuity will be ensured."

According to Chernomyrdin, personal changes in the composition of the government will primarily concern "structural changes in the economy and in life itself."

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"Tasks, as well as conditions, are being changed," he said.

At present it is necessary not to define the course for market reforms, which remains unchanged, but its development and correction, he said.

Chernomyrdin recognized that several mistakes were made during implementation of the market course during the last years.

Russia: Premier: 'Most Current Government Members' Will Stay

LD2407102696 Moscow ITAR-TASS in English 1009 GMT 24 Jul 96

[By Gennadiy Yezhov]

[FBIS Transcribed Text] Moscow July 24 (Itar-Tass) — Russian Prime Minister Viktor Chernomyrdin made it clear on Wednesday that most current government members will continue to work in the new Cabinet of Ministers, but said some new people were sure to come to cope with new tasks of market reforms.

"The future Russian Government will retain continuity with the current composition of the Cabinet of Ministers, although not by a hundred per cent which is connected with structural changes in the direction of reducing the number of ministries and departments", Chernomyrdin told Tass.

The premier complained that the formation of a new government was an "unpleasant and extremely difficult" job as it concerned the fate of concrete people.

"The talk is about people and the state in general, as well as about the speed of the possible correction of the course of reforms", he said.

The strategic course of the country remains unchanged, but its tactical implementation becomes more difficult as it is necessary to correct previous mistakes, according to the premier.

"The government course remains the same — towards a market economy", the prime minister said. However, he stressed that "the task is becoming more complicated and new people have to come to the government". During the past years of reforms "some things were done not very correctly and now the situation has to be levelled", he added.

Chernomyrdin did not name any newcomers concretely, saying only they were likely to be from the pro-government Our Home is Russia faction in the State Duma.

However, "we shall invite people from other factions" as well, Chernomyrdin said, but did not elaborate.

He only stressed that the new government would include "exclusively professionals" and the ministers will have to forget about their party affiliations.

Russia: Deputy Premier Yarov Transferred to Yeltsin's Staff

LD2407112196 Moscow ITAR-TASS in English 1105 GMT 24 Jul 96

[FBIS Transcribed Text] MOSCOW July 24 (Itar-Tass) — Russian deputy prime minister Yuriy Yarov, who was responsible for social and cultural issues, was transferred by President Boris Yeltsin to his administration and appointed deputy chief of staff, Tass learned from informed Kremlin sources on Wednesday.

Yeltsin'a administration is headed by Anatoliy Chubays who got the post early in July.

Yarov thus became the first top government member to leave the cabinet of ministers after the presidential election and on the eve of the formation of a new government. Yarov was deputy premier since December 1992.

Earlier Prime Minister Viktor Chernomyrdin promised to reduce the number of his deputies.

Russia: Kolesnikov Reassigned as Armed Forces Chief of Staff

LD2407113196 Moscow ITAR-TASS in English 1111 GMT 24 Jul 96

[FBIS Transcribed Text] Moscow July 24 (Itar-Tass) — Chief of Staff of the Russian Armed Forces Mikhail Kolesnikov, who was appointed acting defence minister after the resignation of Pavel Grachev, was relieved of the interim duties by President Boris Yeltsin on Wednesday, the press service of the head of state reported.

Kolesnikov is now again the chief of staff and first deputy defence minister.

Last Wednesday Yeltsin appointed Igor Rodionov as the defence minister.

Since March 1996 Kolesnikov is also the chairman of the joint chief of staff of the armed forces of CIS countries.

He also heads the Defence Ministry council for military-strategic problems.

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Russia: Government To Have Four Deputy Premiers, 30 Ministers

LD2307140996 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1258 GMT 23 Jul 96

[FBIS Translated Text] The new outline of the Russian Government was confirmed at the meeting between the Russian Federation President Boris Yeltsin and Prime Minister Viktor Chernomyrdin at their meeting on the 23 July, a source in the entourage of the prime minister of the Russian Federation told Ekho Moskvy radio station. According to the given outline, the government will have, in addition to its chairman [prime minister], four deputy prime ministers, and about 30 ministers.

The Ekho Moskvy radio station source confirmed that the persident and prime minister of the Russian Federation confirmed the main personnel appointments during today's meeting, but Boris Yeltsin instructed Viktor Chernomyrdin to continue consultations both with political parties and individuals.

Russia: Lebed To Head Centrist Political Movement

LD2407084496 Moscow INTERFAX in English 0824 GMT 24 Jul 96

[FBIS Transcribed Text] Moscow, July 24 (Interfax) — Secretary of the Russian Security Council, presidential national security aid Aleksandr Lebed will head the new "Truth and Order" centrist political movement, sources at the press service of the Russian Democratic Party told Interfax Wednesday.

The movement will unite the Democratic Party of Russia (leader Sergey Glazyev), the Congress of Russian Communities (leader Dmitriy Rogozin) and the "Honor and Motherland" association (leader Aleksandr Lebed).

The movement aims at effective participation in parliament and presidential elections, said the sources.

A congress of the "Truth and Order" movement is scheduled for September 15 in Moscow.

Russia: Lebed Discusses Crime Fight With Law Enforcement Agencies

LD2307174196 Moscow ITAR-TASS in English 1737 GMT 23 Jul 96

[By Andrey Surzhanskiy]

[FBIS Transcribed Text] MOSCOW July 23 (Itar-Tass) — Russian security supremo Aleksandr lebed discussed his crime fight plan implementation with law enforcement agencies on Tuesday and the "mechanism of detaining criminals and bringing them to trial" was one of the main issues.

Informed sources told Tass that Lebed met with representatives of the Interior Ministry, the Moscow Interior Department, the Prosecutor's Office, tax police, Justice Ministry and the Moscow Government.

"Participants in the meeting named as the major task the restoration of the necessary missing links in the fight with organised crime", the source said, but did not elaborate.

Moscow, where criminal capital is mostly interlinked with state officials, "should serve as the springboard for testing the new crime fight system" designed by Lebed, according to the source.

Russia: Chernomyrdin, Zyuganov Discuss Economy, Chechnya

LD2407100196 Moscow ITAR-TASS World Service in Russian 0913 GMT 24 Jul 96

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 24 Jul — On 24 July, Viktor Chernomyrdin, chairman of the Russian Government, held a scheduled working meeting with Gennadiy Zyuganov, leader of the Communist Party of Russian Federation faction in the State Duma. The meeting lasted for about an hour in the prime minister's office.

In an interview with an ITAR-TASS correspondent, Viktor Konnov, spokesman for the head of state, said that the meeting was a scheduled meeting in the framework of regular consultations between the prime minister and leaders of parliamentary factions. Chernomyrdin and Zyuganov discussed a wide-range of socioeconomic problems in the country, the situation in the Chechen republic and ways of solving it, and cooperation between the government and the lower chamber of the parliament.

Konnov recalled that within the framework of such consultations the prime minister had a meeting last week with the leader of the Yabloko faction, Grigoriy Yavlinskiy, and with the "Regions of Russia" parliamentary group. Chernomyrdin has also met State Duma speaker Gennadiy Seleznev.

Russia: Rybkin on Consultative Council, Duma

MM2307133496 Moscow ROSSIYSKAYA GAZETA in Russian 23 Jul 96 pp 1, 2

[Interview with Ivan Rybkin, Chairman of the Political Consultative Council, by Political Observer Mikhail

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Gurevich; date and place not given: "Why This Council Is Valuable to the President"]

[FBIS Translated Text] [Gurevich] The Political Consultative Council formed by Presidential Edict held its first session recently. What are this organization's main aims?

[Rybkin] The establishment of civil peace in our troubled society is an essential condition of the continuation of the reforms. The Memorandum on Public Accord adopted by the Fifth State Duma two and a half years ago with President Boris Yeltsin's active support was subsequently transformed into the Treaty on Social Accord. I have always said that this document, which is our version of the Spanish Moncloa Pact, should be extended by means of chambers and roundtables on vital Russian problems. The president's Public Chamber managed to do quite a lot of good work but collapsed under its own weight (it had 600 members).

After the December Duma election it became obvious that there was another problem: the imperfect state of election legislation. Forty million citizens voted for four victorious parties, but the interests of the other 40 million who voted for the remaining 39 parties were not represented in the Duma. Then the idea of a council where all the parties — those who cleared the 5-percent barrier and those who did not — was born. In organizing the Council by his edict, the president was concerned to create a stable "feedback" channel without which the system of power might get out of control [razregulirovatsya], and he wanted a sociopolitical and economic expert appraisal of laws, edicts, and directives on all the questions troubling society.

The dream is that the Council will become a kind of "incubator" so that in the next election we will have a system of four to six parties, not 43. And so that this political structure of society can be supported by a renewed Russian democratic statehood.

[Gurevich] Some parties have not joined the Council, however.

[Rybkin] Yabloko delegated its representatives toward the end of the session and Congress of Russian Communities [KRO] did likewise. A discussion was held with Polivanov ("For the Motherland"), and they are going to join. The Agrarians are in tremendous ferment: Lapshin faces a serious choice; however, he must not be left on the sidelines. So at the moment only the Communist Party of the Russian Federation [CPRF] and the Russian Communist Workers Party [RCWP] are on the sidelines. Anpilov made an application but for some reason withdrew it two days later; while Zyuganov is vacationing in Sochi, and nothing can be decided without him. But what is there to "weigh up" here? We have to work for Russia.

[Gurevich] Will you issue any recommendations on the composition of the new government?

[Rybkin] I would like to say right away that the Council is a public organization that will operate strictly in accordance with and in the framework of the Constitution. The new government is a matter for the president and the premier.

[Gurevich] The Duma has broken up for the summer recess. What is the result of the past six months' work?

[Rybkin] The "presidential race" that the contenders themselves talked about had a powerful impact on the State Duma's work. There was a plethora of impassioned speeches, appeals, warnings, and threats and legislative activity suffered. Work on the various codes also went very badly. The Tax Code submitted by the government marked time for three months before being rejected even though it is the basis of budget planning. If you reject something you have to offer your own alternative, but that did not happen this time either. Everything has been put back until the fall....

The Land Code was also overlooked. Well, you cannot go against people's wishes. Even in the "Red belt" itself they are saying: At least one-fourth of the land should be put into circulation and mortgages introduced. The elderly people who cannot dispose of their land share should be given their money back to provide for their old age. But the right of ownership without the right of disposal of property is a caricature. There are the same dreadful inconsistencies in the Labor Law Code.

In a letter to State Duma Chairman Gennadiy Seleznev, Federation Council Chairman Yegor Stroyev described many of the federal laws adopted by the Duma as "pinpoint" laws — that is, they resolve small-scale, short-term questions. It would take a long time to list the ones which were not adopted: the economic laws and the laws on federal organization. I hope that the "big faction" will not be offended if I speak truthfully here. They say that "there was no one in charge of the process," but there was. There were entire days when there was complete chaos over the laws on the standing orders and on the status of deputies and deputy's aides. On 16 June and 3 July only people from the "big faction" list were allowed into the Duma.

The older generation above all are setting the "big faction" a bad example with their calls to punish people, lock them away, silence them! But people have changed now, particularly the young, and they will not let themselves be taken in by the tired old myths. After all, we are a very wealthy country in all types of

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resources, yet our life is worse than many others. This is a tremendous reproach to the older generation and those now in middle age.

The regime of moral pressure on people who think differently is intolerable. Let me cite one personal example. In 1991-1992 I founded a left-oriented newspaper and in the publishing data gave the address of the Supreme Soviet: "Building 2, Krasnopresnenskaya Embankment." Neither Yeltsin, Khasbulatov, nor Burbulis said anything to me. But these were difficult times. Now the first issue of my newspaper KRASNAYA PLOSHCHAD has been published. I indicated my Duma office — you cannot imagine what words the Duma apparatus staff had to endure from the chairman of the Duma Work Organization Committee!

[Gurevich] Recently there has been much talk that the Duma is threatened with financial collapse.

[Rybkin] I do not think that the president and the government will leave the Duma in need, but the Duma must be far more thrifty. Its leadership must take up its pen and do its calculations. And learn how to see at least two months ahead.

Gennadiy Nikolayevich Seleznev says: "Rybkin is trying so hard for the chairmanship that you would think the chair was covered in honey, but in fact it is covered with spikes." My reply to him would be: "When I occupied that chair it was covered with nails rather than spikes!" Those two years were enough to last me the rest of my life.

[Gurevich] How are things with the Socialist Party of Russia, which you lead? Will it be getting its "baptism of fire" in the local government elections that start in the fall?

[Rybkin] The party was not created in a vacuum. It is based on the sociopolitical movement of the Russian regions, the Women of Russia movement, the Accord political movement, a section of the Russian Youth Union, and others. We already have our own organizations in 80 regions. We printed 10,000 party cards — they were given out immediately, and we were told that this was not a limit.

Had we managed to unite earlier, a year ago, we would have been successful — after all, social democrats polled around 40 percent in total. But it did not happen then. Now, instead, we have signed the Agreement on the Common Coordination Center and we are creating the Union of Social Democratic and Socialist Parties of Russia so as to be represented by a single entity in the European Socialist International. And, of course, we will enter the election together and help our common pro-reform candidates.

No one should be rushed: Everyone must come to understand the need for reforms in his own time. But those who create obstacles, who get in the way, and want to destroy things — and bloodily as well — must be firmly put in their place. The efforts of our Political Consultative Council, the efforts of our social democratic round table, and the efforts of the All-Russia Democratic Union that Boris Fedorov, Sergey Shakhray, and I have discussed must lead to the formation and regulation of our society's political structure. So that when political forces replace one another in power they do not distort society but improve it. Then we would not approach elections every time as though they were a major feat, an all-hands-to-the-pumps job, or a "final and decisive battle."

Federal Assembly

Russia: 'Our Home' Opposes Opposition Majority in Upper Chamber

LD2307165196 Moscow INTERFAX in English 1451 GMT 23 Jul 96

[FBIS Transcribed Text] MOSCOW, July 23 (Interfax) — The Our Home is Russia (NDR) movement should bar the opposition from taking the majority of seats in the parliament upper chamber, the Federation Council, by "constitutional means," as a result of victory in the elections in Russia's constituent members, the head of the NDR executive committee and leader of the government apparatus, Vladimir Babichev, told a press conference in Moscow Tuesday.

The executive committee of the NDR movement recognized the upcoming regional and territorial elections in Russia as extremely important at its Tuesday session and recommended that all member-organizations of the movement take part in preparation for them.

"The movement's political goal is to move like-minded people and people from the general reform team to the posts of heads of executive power bodies, to the legislative assemblies, and to posts as mayors of administrative centers in Russia's constituent members," he said.

"Our opponents have already saddled the Duma and we must not allow the same in the Federation Council," Babichev said.

Babichev is not sure of the success of reformers in the elections in the regions. "In each concrete case we shall act without any guarantee that we shall win with a triumph," he said.

The difficult socioeconomic situation in several regions complicates the task of candidates from the NDR and other forces for reform, Babichev said.

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Voters who backed Communist Party leader Gennadiy Zyuganov during the presidential elections in Russia voted not because "they greatly like or support his ideology but because they wanted to express dissatisfaction with the course of reforms and with the fact that we failed to ensure certain social guarantees during the reforms," Babichev said.

Russia: General Rokhlin Tells Duma of Army Corruption

MM2207100996 Moscow ROSSIYSKAYA GAZETA (DOM I OTECHESTVO Supplement) in Russian 20 Jul 96 p ii

[Article by General Lev Rokhlin under the rubric "Dotting the I's Again": "Dollars in Uniform"]

[FBIS Translated Text] DOM I OTECHESTVO No. 17 published under the rubric "Dotting the I's" a speech by Lev Rokhlin, chairman of the State Duma Defense Committee and member of the "Russia Is Our Home" deputies' faction, revealing cases of corruption and malfeasance in the top leadership of the Russian Federation Defense Ministry. It turned out that not all the "I's" had been "dotted." Lev Yakovlevich has given DOM I OTECHESTVO the text of the new report he delivered yesterday at the last session of parliament before the recess.

First and foremost, can I take this opportunity to apologize to a huge number of honest generals and officers against whom I involuntarily cast aspersions with my previous speech.... When I spoke of corruption, I was referring to a substantial minority of the officer corps. The bulk of officers, who are honestly doing their duty, simply do not have the time for such activities.

Many honest generals and officers in the Russian Army, the Federal Security Service, and the MVD [Ministry of Internal Affairs] who are devoted to their motherland supported me and provided me with additional facts.

First and foremost these facts apply to General Vorobyev, who alludes in justification to the positive conclusions of the Comprehensive Government Commission To Check Budget Expenditure at the Defense Ministry.

But, in the opinion of specialists, in terms of their qualifications and knowledge of the specifics of the Main Directorate for the Military Budget and Financing, the commission members were not capable of discovering the real state of affairs. Essentially, V. Vorobyev gave instructions as to what should be included in the act of verification, and he included the necessary sections in it.

I will not cite all the conclusions of that act, but merely limit myself to the opinion of specialists: V. Vorobyev succeeded in his main aim of preventing the creation of an effective mechanism of government monitoring of the Defense Ministry's financial and economic activity.

As a result, the commission's report noted the positive work done by military finance organs and particularly the Control and Auditing Directorate, stressing its "demandingness and objectivity."

At the same time, there is information to the effect that in 1993 on the basis of verbal instructions from V. Vorobyev an officer from that directorate with the help of a serviceman from the Northern Group of Forces (I have their names and positions) obtained (from Account No. 07010 at Central Bank Field Institution No. 47659) 50 billion Polish zlotys preliminarily transferred from Moscow in the form of $5 million, which were converted on the "black market" and at private exchange bureaus in Poland. The now $9 million in cash thereby obtained was, in violation of all existing norms, sent to Germany, where around $5 million was paid into the account of Military Unit 44601, which was immediately disbanded. The next part of the money was sent to Belgium to the account of a joint venture, allegedly in payment for the sale of fuels and lubricants in Poland. The location and utilization of the currency profit obtained are unknown.

V. Vorobyev also did some dubious deals with Kazakhstan's "Gornyy Altay" private-sector bank. In 1993 V. Vorobyev signed an agreement with the bank on a loan for 54 billion rubles [R] for the "Baykonur" Space Center, pledging to make good the payment instructions of various Central Asian commercial structures in Moscow. In the opinion of specialists, V. Vorobyev had no right to sign that agreement, since it allowed commercial structures to "launder" dirty money and manipulate exchange-rate differences between the Russian and Kazakhstani rubles.

Moreover, Central Bank specialists have revealed that actually "Gornyy Altay" did not lend the money to the Defense Ministry out of its own resources — on the contrary, the Defense Ministry was lending money to the "Gornyy Altay" Bank. First, on 5 and 6 August 1993 on the orders of V. Vorobyev money was transferred to the bank, and it was later — only after 20 profitable days had passed (27 August) — that "Gornyy Altay" transferred it to the "Baykonur" Space Center's account. When Kazakhstan brought in its national currency, this money was devalued, which meant that the Russian Federation lost another few billion rubles.

In August 1994 specialists analyzed documents on the transfer of budget funds through Account No. 120 at

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Central Bank field institutions, under which all operations with state budget funds allocated to the Defense Ministry for the upkeep of the Armed Forces should be implemented. It was noted that in 1993 only around 10 percent of all the budget funds allocated passed through the account. And in the first seven months of 1994 only R223 billion passed through the account to the Moscow Air Defense District and R263 billion to the Siberian Military District. Specialists believe that the command of military finance organs illegally transferred the other budget funds through private-sector banks rather than through the state banking system.

This is just a small part of the uncovered violations committed by the Main Directorate for the Military Budget and Financing and by V. Vorobyev personally. But the mafia is immortal.

Events with the "Lyukon" firm are also developing along old lines. I have information on its latest theft of another 300 apartments from homeless servicemen.

The Defense Ministry mortgaged aircraft engines worth $10 million at the Moscow National Bank for the targeted purpose of housing construction. Of this money the "Lyukon" firm received $7.5 million to build apartment blocks containing 300 apartments to be subsequently transferred to the Air Force; but instead of apartments "Lyukon" is transferring to the Defense Ministry against this money the "Rodniki" Hotel, valuing it at $7.836 million. The agreement was signed by Grachev and a Mr. Turetskiy.

The "Rodniki" Hotel is a three-story building covering an area of around 1,200 square meters. It has no running water. Its (boiler-fired) heating is not working. There are major problems with the electricity supply. For two years the "Lyukon" firm has been trying to sell the hotel for $1.5 million — that is, for five times cheaper.

As a comparison — the defense minister's superb "Bakovka" reception building (also covering 1,150 square meters) located 10-12 km from Moscow down the Minsk Highway, along with all its means of communication and 30 hectares of land, was sold to the Military Insurance Company in August 1994 for R1.25 billion ($500-600,000). And the land (on what basis is unknown) was transferred first to the rayon administration and then to the Military Insurance Company.

Thus, in the context of a lack of control from the Defense Ministry leadership a new type of boss has emerged who is trying to buy things high and sell them on the cheap.

There was a joint session of three committees on an issue relating to the activity of Auditor Yuriy Nikolayevich Rodionov. The proposals from the Defense and Security Committees for his early dismissal did not meet with understanding from most of the members of the Budget Committee.

For those supporters of Auditor Yu. Rodionov I would like to cite the additional fact of his concealment from the Comptroller's Office Collegium and the State Duma of the results of checks carried out into the Defense Ministry Central Material Resources Directorate, which handles sales of unwanted military property and the collection of scrap precious metals. The checks revealed the lack of any proper accounting or monitoring of these material assets, which provided extensive scope for abuse and embezzlement.

Thus, in 1994 some 12.1 tonnes of pure silver went missing. In the period from October 1994 through October 1995, some 44 kg less gold was accounted for than was actually handed over to state stocks. Conversely, there was a shortfall of 750 kg and 40.8 kg for silver and platinum metals respectively. This directorate also lacked any figures on transactions by Defense Ministry organizations with the "Mosekspometall" brokerage firm, which receives and processes precious metals, including abroad.

The act also reflects other blatant violations in the sale at knockdown prices of unwanted cars, ships, submarines, military camps, and other property, as well as the leasing of ships.

Rodionov thus also concealed cash deals and embezzlement of Defense Ministry treasury bonds at the commercial Private Bank.

There is enough information about Rodionov to describe it as malfeasance, and I am therefore insisting on raising the question today of his early dismissal from his position in accordance with Article 29 of the federal law "On the Comptroller's Office."

Let me say a few words about Grachev's accusation about the R120 million spent on repairing my apartment.

First, I was moving to a new apartment, and if it cost R120 million to repair the new apartment, we ought to ask Grachev why he did not take the construction workers to task for this work.

Second, I never asked anybody to repair the apartment, and there is not a single document bearing my signature.

Third, I agree to exchange my "repaired" apartment for the apartment of Grachev himself or that of his son without any repairs.

There was once a law in Russia, under which an officer who had attained the rank of colonel became a nobleman

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and obtained an estate. In many countries the military are the most respected and highly paid civil servants. In the British Army the chief of the General Staff earns an annual salary equivalent to $200,000 — more than the British prime minister. In certain countries people cannot hold high state office if they have not served for a certain time in the Army.

Here, unfortunately, things are different.

Is it really possible to ensure Army combat readiness if servicemen spend months waiting for their pay (which for some reason is sent from private-sector banks), when some of them spend decades waiting for apartments, and when others manipulate the funds allocated for these purposes?

Hence the massive number of separation requests from young officers.

We have now held hearings on military reform for two weeks with a view to fundamentally improving the situation in the troops.

In the opinion of the participants in the hearings, there is an urgent need, first, to define in one way or another the norms for funding the power structures; second, on the basis of those norms, to streamline all the power structures, primarily through their comprehensive resolution of their tasks; and, third, an extensive search is required for nonbudgetary ways to support servicemen.

We believe that the situation and the transfer of some of the housing stock to the service fund [sluzhebnyy fond] will be improved by the early granting to servicemen, before their discharge, of plots of land for building on, and by the transition to a centralized system for the construction and acquisition of housing outside military camps for discharged servicemen.

Regional Affairs

Russia: OSCE Envoy Comments on Lebed's Trip to Chechnya

LD2407110296 Moscow INTERFAX in English 1026 GMT 24 Jul 96

[FBIS Transcribed Text] MOSCOW, July 24 (Interfax) — Head of the Organization for Security and Cooperation in Europe [OSCE] mission in Chechnya Tim Guldimann hopes that the Chechen visit of Secretary of the Russian Security Council Aleksandr Lebed will boost the peace process.

Guldimann told a news conference at the Interfax main office today he met Lebed two weeks ago to tell him the OSCE mission is ready to help organize Lebed's meeting with Chechen separatist leader Zelimkhan Yandarbiyev and his associates in Chechnya. "I will do all I can," said Guldimann.

Asked about a special commission to monitoring fulfillment of the Moscow and Nazran agreements, Guldimann stressed the OSCE mission cannot carry out this task given its small strength.

He thinks such monitoring can be achieved within the framework of bilateral agreements. For instance, the sides in the military commission can exchange lists of violations, that is ensure monitoring by themselves.

Russia: Khasbulatov Calls For Meeting With Yeltsin

LD2307165496 Moscow NTV in Russian 1500 GMT 23 Jul 96

[From the "Segodnya" program with announcer Tatyana Mitkova]

[FBIS Translated Text] According to sources in Groznyy, the leader of the [Chechen] separatists, [Zelimkhan] Yandarbiyev, has given orders for a group of advisers on settling the conflict in Chechnya to be set up. The name of the leader of this group is well known in Moscow and Groznyy: Ruslan Khasbulatov, a professor at the Russian Economics Academy in Moscow. Attempts to get Khasbulatov involved in the negotiation process have been made frequently, while Yandarbiyev, if sources in Groznyy are to be believed, approached him by letter. We managed to phone Ruslan Khasbulatov in Sochi. He is vacationing there. To all appearances, the former speaker of the Russian parliament was ready for this a turn of events.

[Begin recording] [Khasbulatov, speaking by telephone, reception poor; video shows his photograph] First of all, an important meeting of some sort needs to be arranged, of course. That is the mission I have been entrusted with. And you know yourself what a mission like that means. When there's a war on and people are being killed, one needs to take such things very seriously, and so, of course, this work needs to get under way with meetings with officials at the highest level on whom depend the war itself and the progress of the war and the conclusion of peace and the relevant agreements and the normalization of the overall situation and the cessation of military operations. Taking into account previous experience, it seems to me that we need to start by meeting President Boris Nikolayevich Yeltsin. In so far as we are talking here about war, about peace, about people being killed, about ending military operations, it seems to me that it would be wise to put aside everything that has gone before, and since

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I have considerable scope for influencing the situation, I would be ready to meet and discuss this question with him, because apart from Yeltsin, there is no official in the Russian Federation capable of responsibly getting to grips with this problem. [end recording]

The appointment of Khasbulatov as head of Yandarbiyev's group of advisers may be viewed as a skillful move by the leader of the Chechen opposition. The image of the supporters of Chechen independence will acquire a more respectable hue.

Russia: Yandarbiyev Accuses Moscow of Wrecking Peace Agreement

LD2307162196 Moscow NTV in Russian 1500 GMT 23 Jul 96

[From the "Segodnya" newscast]

[FBIS Translated Text] The text of a statement by the leader of the Chechen opposition was released in Groznyy today. Zelimkhan Yandarbiyev accuses Moscow of wrecking the peace agreement and demands an international investigation. Yandarbiyev calls on the United Nations Organization and the Organization for Security and Cooperation in Europe, the OSCE, to create a commission that will determine the degree of responsibility of each of the sides for the new spiral of violence in Chechnya. This statement by Yandarbiyev coincided with the start of a new offensive by the federal forces in the southern districts of the republic. Here is Aleksey Ivliyev with the details.

[Ivliyev] [video shows federal armor, small group of fighters] The statement by Zelimkhan Yandarbiyev released in Groznyy today looks pretty tough. He accuses the Russian leadership of wrecking agreements concluded earlier. At the same time, Yandarbiyev confirms his adherence to settling the conflict through negotiations and reasserts Chechnya's unchanged aspiration to independence from Russia. Yandarbiyev called on the UN and the OSCE to send a commission to the republic to investigate the blame for the new escalation in military operations.

In their turn, [word indistinct] federal forces accuse the fighters of shooting at federal checkpoints over 700 times since the signing of the agreements in Nazran. Over 50 acts of sabotage on roads and three on railways were registered.

Anatoliy Kvashnin, the commander of the North Caucasus military district, arrived in Groznyy today. In the opinion of many, he is there to resume the talks. According to Tim Guldimann, the head of the OSCE mission, Kvashnin is due to meet Aslan Maskhadov, the chief of staff of the armed formations of the Chechen opposition. However, the press service of the North Caucasus military district says that such a meeting is possible only under certain conditions and with proposals from both sides, which as yet have failed to appear.

Meanwhile highly conflicting reports are coming in from different districts of Chechnya about military clashes. Movladi Udugov, one of the Chechen separatists' leaders, said that Chechen subunits drove a subunit of federal forces out of the strategically important locality of Bamut in western Chechnya as a result of a special operation at dawn today. The troops retreated to the village of Assinovskaya. He also said that Russian aircraft delivered bomb strikes against the districts of Shatoyskiy and Itum-Kalinskiy early this morning. Artillery attacks continued against localities in the republic's districts of Nozhay-Yurtskiy, Gudermeskiy, and Vedenskiy, and in the southern part of Achkoy-Martanovskiy district. According to field commander Daud Akhmadov, the fighters' morale has never been higher.

[Begin Akhmadov recording] The troops need to be pulled out and the status of Chechnya needs to be recognized, although we are not very bothered whether they recognize us or not — Allah has recognized us. [end recording]

[Ivliyev] At the same time, the press center of the joint group of federal forces has denied reports that Bamut has been taken by the separatists. The report says that all approaches to Bamut are covered by checkpoints and federal troop outposts and that there are neither fighters nor local inhabitants there. The latter have still to return to Bamut. According to the military, fighters in the highland areas of Shatoyskiy district have been pushed back to the rock massif and their positions are being subjected to intensive artillery and tank fire.

Russia: Chechen Leader Maskhadov Agrees To Meet Russian Commander

LD2307154396 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1459 GMT 23 Jul 96

[FBIS Translated Text] Moscow, 23 Jul — Aslan Maskhadov, head of the main staff of armed Chechen formations, has agreed to meet Colonel General Anatoliy Kvashnin, commander of the North Caucasian Military District, Movladi Udugov, press and information minister of the militant Chechen opposition government, told Ekho Moskvy radio station.

Aslan Maskhadov was authorized by Zelimkhan Yandarbiyev to meet the Russian military leaders "Aleksandr Lebed, Igor Rodionov, and Anatoliy Kvashnin,"

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Udugov said. "Thus, the Chechen opposition is showing that it is ready for talks even at the time when the Russian troops have begun hostilities on a mass scale and are killing peaceful civilians," Udugov said.

He said that negotiations concerning a possible meeting between Maskhadov and Kvashnin are being carried out with OSCE brokerage.

Russia: Separatist Leader Says Force Cannot End Chechen Conflict

LD2307145196 Moscow ITAR-TASS in English 1323 GMT 23 Jul 96

[By Alvi Karimov]

[FBIS Transcribed Text] GROZNYY July 23 (Itar-Tass) — Although alienation between the warring parties in Chechnya has increased as fighting resumed after Russian presidential elections, the use of force cannot put an end to the conflict, according to a top Chechen separatist.

"Neither of the parties will solve the conflict by the use of force", Akhmed Yarikhanov, a member of the separatist government of Ichkeria told Tass on Tuesday.

He admitted that "mistrust and allienation have increased" as fighting resumed in Chechnya this month, but stressed that he was "a supporter of any meetings and talks if they are followed by honest fulfilment of the commitments".

Yarikhanov said that at present the peace agreements reached in the Ingushi capital of Nazran in June should be implemented.

Yarikhanov confirmed that a meeting between Russian commander of the North Caucasus military district Anatoliy Kvashnin and Chechen separatist chief of staff Aslan Maskhadov can take place in the near future. On Monday OSCE envoy in Chechnya Tim Guldimann said the parties had reached a principle agreement on that.

"The Chechen opposition counts that Kvashnin will offer new methods for the settlement of the situation in the region", Yarikhanov said.

He also confirmed that the separatist leadership opposes any terrorist retaliation acts on the Russian territory. "The leadership of Ichkeria is against any terrorist acts and will not allow anyone to stage them", he said.

Russia: Military Commander Calls Situation in Bamut 'Tense'

LD2407081096 Moscow ITAR-TASS World Service in Russian 0614 GMT 24 Jul 96

[By ITAR-TASS correspondent Nikolay Zagnoyko]

[FBIS Translated Text] Groznyy, 24 Jul — Federal forces and road block positions were shot at 32 times in the Chechen Republic, including eight times in Groznyy. Two servicemen were killed and 17 wounded. The ITAR-TASS correspondent has learned this today from the press center of the combined group of federal forces in Chechnya.

A meeting between Anatoliy Kvashnin, commander of the North Caucasus Military District, who arrived in Chechnya on 23 July, and Aslan Maskhadov, chief of staff of the Chechen opposition armed units, is planned for 24 July.

The separatists, however, have not yet confirmed their readiness to take part in the meeting.

The ITAR-TASS correspondent was told by Vladimir Shamanov, commander of the combined group of Armed Forces of the Russian Federation Defense Ministry, that the situation near the village of Bamut had become more tense in the past 24 hours. He said weather conditions in the republic meant it was impossible to use aviation and the troops actions were of a limited nature.

Russia: Chechen Separatists Say Russians Forced Out of Bamut

LD2307134196 Moscow INTERFAX in English 1214 GMT 23 Jul 96

[FBIS Transcribed Text] MOSCOW, July 23 (Interfax) — The Chechen separatists have forced federal troops out of the mountain village of Bamut in southwestern Chechnya, Movladi Udugov, a representative of the leadership of the Chechen separatists, told Interfax Tuesday.

"As a result of a special operation Chechen detachments repelled units of the federal forces from the strategically important village of Bamut in Chechnya's west. The federal forces retreated to Asinovskaya," he said.

The Chechen detachments are in control of Bamut, its suburbs and positions earlier occupied by the federal forces, Udugov said.

Meanwhile, the press center of the federal forces in Chechnya refuted this statement, citing information from a top-ranking general in the federal forces command.

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"The intelligence service of the federal forces noted the redeployment of a 30-strong detachment of fighters near Bamut," a representative of the press center reported.

He said all approaches to Bamut have been sealed off by check points of the federal forces.

"There are neither fighters nor local citizens in the village, as they have not returned yet," he said.

Russia: Chechnya: Situation in Bamut; Traces of Chemical Warfare

LD2407092396 Moscow Radio Rossii Network in Russian 0800 GMT 24 Jul 96

[FBIS Translated Text] Vladimir Shamanov, commander of the army group in Chechnya, said on Wednesday morning that the situation in the area of Bamut had seriously worsened. The forces had to be regrouped and 166 motor-rifle brigade moved into the area. According to Shamanov the claims that the settlement had been captured by the rebels are not true. The areas where the illegal armed formations are based are now subjected to artillery fire. Bad weather does not allow for the use of helicopters. As soon as the low-hanging cloud disperses, the fighters won't find it easy, Shamanov announced.

The commander of the group of the Ministry of Internal Affairs troops also denied rumors that the federal forces had used chemical weapons in an operation near the village of Itum Kala [as heard]. By the way this is what Kozha-Ahmet Yarikhanov, a member of the self-proclaimed Republic of Ichkeriya, told me yesterday. He, in particular, said that two rebels had been brought into a hospital from Itum Kala with edemas and ulcers, the signs of an obvious poisoning by chemical weapons. However, he said that no examination was carried out.

Russia: Chechens Claim Major Russian Losses in Itum-Kale Region

LD2307140496 Moscow ITAR-TASS in English 1335 GMT 23 Jul 96

[By Alvi Karimov]

[FBIS Transcribed Text] GROZNYY July 23 (Itar-Tass) — A senior Chechen separatist leader claimed on Tuesday that Russian forces had launched an offensive in yet another region of the republic and were sustaining major losses there.

The Russian command denied the report.

Khozh-Akhmed Yarikhanov, a member of the so-called government of Ichkeria, told Tass that federal forces used artillery, aircraft and armour in attacking the region of Itum-Kale, besides the Shatoy and Vedeno regions.

He said "federal forces were sustaining considerable losses in manpower in the latest fighting in Shatoy and Itum-Kale regions and 37 armoured vehicles had been destroyed there".

The Russian command in Chechnya rejected the report saying only two servicemen had been wounded in the past 24 hours.

Its spokesman told Tass that "panic is reported among the militants, they are demoralised, leave their weapons and flee".

"The remaining militants are forced into the mountains and eliminated by fire from tanks, artillery and aviation", the spokesman said.

He added that an order had been issued to "eliminate all cross-country vehicles as they are used only by militants".

Russia: Raduyev Claims Responsibility for Failed Voronezh Blast

LD2407112396 Moscow 2x2 Television in Russian 1000 GMT 24 Jul 96

[FBIS Translated Text] The Chechen field commander Salman Raduyev has declared a railway war against Russia. He said this at a news conference in a district in Chechnya.

[Begin recording of speaker identifing himself as Raduyev] I take responsibility for the failed explosion at Voronezh. That was my team. The fact that the bomb did not go off was due to Allah deciding to spare the railway station. They should not call us terrorists: Russian railway stations after all are military installations.

We, the council of field commanders, yesterday took an undertaking not to mount any combat actions in the future on the territory of Dagestan and, accordingly, we have requested our Dagestani brothers to ensure that no fire is directed at the republic of Chechnya, Ichkeriya, by Russian forces from the territory of Dagestan. [end recording]

Economic Issues

Russia: Ruble's Steady Fall Against Dollar Reinstated

MM2407083896 Moscow FINANSOVYYE IZVESTIYA in Russian 23 Jul 96 p i

["Currency Review" by Igor Doronin, Moscow Interbank Currency Exchange adviser on market conditions]

[FBIS Translated Text] A marked climb in the exchange rate of the dollar was the event of last week. It increased

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by 28 points, to stand at $1 to 5,151 rubles [R] during one trading session 18 July. As a result, the stock exchange rate showed an increase of 25 points or 0.5 percent over the week. The increase in the official exchange rate was a tad under 4 percent.

The rise in the dollar exchange rate was pretty unexpected. A downward trend had been observable at the Moscow Interbank Currency Exchange [MICE] since 5 July. Supply had exceeded demand for currency every day of last week, preceding the rise in the exchange rate, which gave no inkling of such a drastic change in market conditions. Events were also developing pretty calmly in the interbank loan market and the state securities market. Banks, taking advantage of the relatively small difference between the stock exchange rate and the interbank market rate, preferred to sell currency at the MICE, as the latter guaranteed payment. Net [daily] transactions at the MICE averaged $10-13 million over the week.

The 18 July rise in the dollar exchange rate occurred in the context of a relatively low volume of transactions in the currency exchange market and a relatively low level of bank activity. However, demand exceeded supply by a factor of six that day.

According to traders, the Central Bank of Russia played a definite role here. A rising dollar exchange rate forms part of the Central Bank's exchange rate policy whereby the daily rates of increase in the dollar exchange rate should be at least 2-3 points for each trading day. Thus, by hiking the exchange rate 18 July the Central Bank of Russia made up to some extent for the decline observed since 5 July. During this period, given a 2-point increase in the exchange rate per working day, it should have put on 18 points and reached the level of R5,152 18 July. Thanks to the one-shot increase 18 July it rose to R5,151. The interbank market quotations and the official exchange rate of the dollar were "pulled up" at the same time.

Specialists consider that this Central Bank move is in keeping with the situation in the market. The rising dollar exchange rate (official, interbank, and exchange) helps even out the exchange rate differences between the interbank market and the spot market, and may also be regarded as providing some support for exporters.

The exchange rate of the German mark rose rapidly at the MICE last week, showing a 2.2-percent increase. The rate of the German mark was influenced by events in the world currency market, where a marked strengthening of the mark's position and a considerable weakening of the dollar's position were recorded. The exchange rate of the French franc rose by 2 percent over the week, largely owing to the strengthening of the German mark's position. The exchange rate of the pound sterling at the MICE, on the other hand, showed a drop of 0.9 percent.

Russia: Central Bank Chief Confirms Inkombank's Viability

MM2307155296 Moscow TRUD in Russian 23 Jul 96 p 5

[Unattributed report: "The Position of Inkombank Is Stable"]

[FBIS Translated Text] I think that today the position of Inkombank is sufficiently stable. This was said by Sergey Dubinin, chairman of the Russian Federation Central Bank, when he appeared on Russian Television [RTR] in the "Zerkalo" [mirror] program last Sunday [21 July]. He noted at the same time that the problems around Inkombank, one of the country's largest banks, were largely artificial. They were caused by a long-drawn-out audit of the bank, the preliminary results of which had "leaked out" but were later corrected by the Russian Federation Central Bank itself. "We did indeed decide that the report contained some words which did not correspond to Inkombank's position," Sergey Dubinin emphasized.

At the same time, the head of the Central Bank said that there were still some "normal criticisms" to be made regarding Inkombank's work, which would be eliminated in the near future.

Russia: Central Bank's Dubinin Cited on Tveruniversalbank Closure

MK2407073296 Moscow SEGODNYA in Russian 23 Jul 96 p 1

[Report by Andrey Grigoryev: "Tveruniversalbank Has Its License Withdrawn"]

[FBIS Translated Text] Tveruniversalbank, one the largest Russian banks, has been stripped of its license. One of the top twenty with regard to all quantitative indicators (assets, capital), the bank rated tenth in volume of money from private depositors.

The decision on revoking Tveruniversalbank's license for banking operations was even swifter than the appointment of temporary management for the bank. TUB [Tveruniversalbank] seems the first banking institution in regard to which the Central Bank has shown the long promised no-compromise stance and toughness. All this makes one suppose that the Bank of Russia had very serious motives for such resolute actions — all the more so since there are many banks whose position provides much more ground for revoking their licenses.

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Central Bank representative Sergey Dubinin said in an interview for AFI [Agency of Financial Information] that "the Central Bank had to resort to such a measure in connection with an unjustified sharp reduction in the Tver bank's liquid assets that could be used to pay debts to depositors and creditors." He also advised that a work procedure for the liquidation commission will be determined. Earlier, Mr. Dubinin said during a television interview that the TUB leadership bypassed the temporary administration, leasing out for a long term (100 years) a considerable part of the real estate owned by the bank at token prices.

At the same time neither TUB President Aleksandra Kozyreva, nor her deputy Sergey Vasilyev (the second most important person in the bank) had previously given any grounds to doubt their business reputation. Only two weeks ago, Mr. Vasilyev was in a rather upbeat mood and expressed confidence in the stabilization of the situation at the bank. Some data make it possible to assume that the official motives of Central Bank representatives are not exhaustive, to put it mildly.

While it is unclear yet how liquidation of the bank will proceed, TUB's notorious promissory notes have been nicknamed "garbage."

SEGODNYA will be watching the course of events.

Russia: Feature Emphasizes Stability of Rumor-Hit Inkombank

MM2407105996 Moscow TRUD in Russian 18 Jul 96 p 3

[Feature comprising statements by Central Bank of Russia, Moscow Mayor Luzhkov, and Inkombank Board and unattributed report under the general heading: "Inkombank Reports"]

[FBIS Translated Text]

Profitable, Stable, and Reliable

The Central Bank of Russia Main Administration for Moscow carried out an audit of the Inkombank Joint-Stock Bank during the first half of 1996. The audit's findings and the results of Inkombank Joint- Stock Bank's activities for the first half of 1996 make it possible to conclude that the bank is managing its liquidity stably, is ensuring sufficient income and operational reliability and stability, and is capable of fully discharging its obligations to its depositors and other creditors. This is confirmed by the fact that there are no delays in the Inkombank Joint-Stock Bank's payments to its clients. At the same time there are violations in the formation of the reserve fund's incorporation capital, in the conduct of transactions, and in accounting at the Inkombank Joint- Stock Bank. The Inkombank Joint-Stock Bank has been instructed by the Central Bank of Russia Main Administration for Moscow to make good these shortcomings.

The Central Bank of the Russian Federation draws the attention of the mass media to the need to cover events in the country's economic life in a carefully considered manner.

[Signed] Central Bank of the Russian Federation

You Cannot Tarnish a Good Name

Last week several false reports and inventions were published in the mass media which were calculated to tarnish the good name of the well-known Inkombank. According to our information, Inkombank is working steadily and finished the first half of the year with positive results, which enabled the bank to provide the ruble equivalent of around $1.5 billion in sponsorship money for the construction of the Church of Christ the Savior during the first half of the year.

I would like to advise depositors and Moscow organizations not to fall for unfounded rumors and to continue to have dealings with the bank.

[Signed] Mayor of Moscow Yu.M. Luzhkov

Interest Can Be Paid Back

In order to guarantee its clients' and depositors' interests, the Inkombank management has adopted a decision to compensate them for the financial losses they might have incurred on the premature termination of their fixed-term deposit agreements.

For all fixed-term deposit agreements terminated 8-13 July 1996 and reinstated in the period 15-21 July 1996, the bank will pay interest in full in the manner specified previously by the agreements.

[Signed] Board of the Inkombank Joint-Stock Bank

Transfers to Crime-Busting Fund

Inkombank's board has come up with an initiative to create a Fund To Combat Organized Crime and Corruption. This proposal is contained in a letter sent today to the Russian Federation Security Council and Moscow Mayor Yuriy Luzhkov. The letter says that the wild acts of terrorism in Moscow have shaken Russia. These senseless and cruel acts pursue the goal of creating an atmosphere of fear and uncertainty in the country and its capital and of making people think that the authorities are helpless.

As a first step, Inkombank has decided to transfer $5 million to the fund's account and has appealed to

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bankers and businessmen, Muscovites, and all citizens of Russia to involve themselves in the fight against terrorism, organized crime, and corruption by transferring money to the fund in question.

Russia: Government Exempts 480 Defense Firms From Privatization

MK2407071696 Moscow SEGODNYA in Russian 23 Jul 96 p 1

[Unattributed report: "List of Enterprises Not Subject to Privatization Approved"]

[FBIS Translated Text] The Russian Federation Government has approved a list of 480 enterprises and organizations of the defense complex whose privatization is prohibited. The list includes scientific research and production associations of the aviation industry, armaments industry, communication facilities, radio industry, rocket and space equipment, as well as electronic industry enterprises. Furthermore, about 30 enterprises have been struck off corresponding lists earlier approved by the government.

Russia: Strikes Spreading as Coal Miners Go Unpaid

MM2407094096 Moscow TRUD in Russian 24 Jul 96 p 1

[Report by Vladimir Loktev: "Wave of Miners' Strikes Could Hit Other Parts of Russia Too"]

[FBIS Translated Text] Whereas in 1994 there were slightly over 2,000 strikes in Russia, last year there were almost 6,000. The miners are steadily at the top of these sad statistics. And of late the protests have not been limited to stopping coal production and dispatch. Driven to despair by long periods of no pay, the miners are increasingly frequently going on mass hunger strike and blocking roads and railroads....

At the start of the year, when presidential election campaigning was only just beginning, B. Yeltsin assessed the situation correctly. The government had virtually coped with the number one task: Budget debts had been almost repaid. Incidentally, the amount owed to the miners by the state budget is currently not so large, at 467 billion rubles [R], compared to the total amount owed to the sector, which is R8 trillion. The miners are owed R6 trillion of that by power generators, who are, in turn, owed R70 trillion by customers at all levels!

Numerous energy customers (industrial enterprises and facilities dependent on local budgets — schools, hospitals, cultural establishments, and so forth) are also on the rocks. It is a vicious circle. And breaking it is the concern of administrators in high office rather than ordinary workers.

Meanwhile, the miners who have not been paid for months continue to "kick up a fuss." In Inta more than 750 workers at the "Kapitalnaya" Pit are on strike, refusing to do their jobs because of the poor food available and their physical exhaustion. R. Matviyenko, chairman of the trade union committee at the pit, stated: "We will stay out to the bitter end, until our demands are met in full. We have not been paid since February...." A wave of spontaneous rallies and strikes has swept through the mining regions of Maritime Kray. Many miners' families are on the point of starvation. Yesterday all five pits in Partizansk had shut down. More than 3,000 miners are on strike.... The situation is tense at pits in the south of Russia and in Vorkuta....

I called the Russian Coal Miners Trade Union. Deputy Chairman Ivan Mokhnachuk answered:

"Our strikes have long been indefinite in character."

[TRUD] Is there any way out of this abnormal situation?

[Mokhnachuk] We used to be able to make ends meet somehow. The 50-50 system was in operation. That is, we could use half of our profits for wages. Now, on the IMF's recommendations, we are paying our taxes first. In Kazakhstan N. Nazarbayev has exempted coal miners from taxes for a year, thereby supporting the sector. Perhaps our government might take that step as well.... [Mokhnachuk ends]

One thing can definitely be said: If we do not solve the defaulting problem in the very near future, there will be no way to avoid a mass miners' strike this fall.

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Belarus

Belarus: Lukashenka Criticism of Moscow Integration Policy

WS2407075996 Minsk BELAPAN in English 0614 GMT 24 Jul 96

[FBIS Transcribed Text] Minsk, 23 July — "After the Customs Union was concluded, Russia started to act extremely dishonourably, it has entirely disrupted the balance that was created by the two presidents," President Alyaksandr Lukashenka said at the Congress of Belarusian business circles held on July 22. The President meant the mutual concessions — Russia provides privileged deliveries of energy and fuel resources and raw materials, Belarus makes concessions on transit through the country, and "an enormous number of other concessions." He expressed discontent with the fact that the Russian party makes decisions without seeking counsel from Minsk.

Alyaksandr Lukashenka pointed out that "in Soviet times Belarus was never a subsidized country" and brought up to three billion dollars into the USSR budget annually. In view of this information one must not "talk about any charity with respect to Belarus on the part of Russia" when the parties came to terms about the mutual cancellation of debts. According to the President, Belarus also made concessions on "transit, military facilities, military bases, leases, air, land, military servicemen." As for the latter, Alyaksandr Lukashenka reminded Russia that Belarus maintains Russian military servicemen in the country at its own expense whereas the Baltic states do not do so. Thus, commenting on the Belarusian-Russian agreement about the zero version of debt reconciliation the President stressed that "1 billion, 200 million was the minimum which Russia could not help accepting." [as received]

Nevertheless Mr Lukashenka stressed that though it is becoming more and more difficult for him to come across "obstacles posed by the Russian party," Belarus "will go into the deepest integration with the Russian Federation, such integration that Russia is ready to go into today."

Belarus: Russian Deputy Premier Views Integration, Concludes Visit

WS2407075396 Minsk Radio Minsk Network in Belarusian 0300 GMT 24 Jul 96

[FBIS Translated Text] A Russian Federation Government delegation, headed by Deputy Prime Minister Aleksey Bolshakov, has paid a two-day working visit to Belarus. During meetings with leaders of the Republic, the sides discussed questions connected with finalizing the agreement on the creation of the Community [of Sovereign States], which was signed in Moscow on 2 April. During a meeting with the Belarusian prime minister, two basic issues were considered. The first question concerned problems of the common border and its protection, while the second was devoted to regulating the work of customs services within the framework of the Customs Union which was concluded earlier.

The Russian delegation also brought to Minsk a package of documents. They will be discussed at a sitting of the CIS Executive Committee scheduled to take place in early August. On 23 July the Russian governmental delegation flew back to Moscow.

Belarus: Agreement Reached With Russia on Debt, Budget Consultations

LD2407093596 Moscow Russian Television Network in Russian 0400 GMT 24 Jul 96

[From the "Vesti" newscast]

[FBIS Translated Text] The Russian-Belarusian talks have ended in Minsk. Here is our Minsk correspondent with a brief summary of them: .

[Begin recording] [Correspondent L. Sviridov] Under discussion were matters connected with border troops and the protection of the Community's foreign frontier, as well as problems with cooperation between the two countries' customs services. The talks were not easy. Aleksey Bolshakov held two meetings with Belarusian President Alyaksandr Lukashenka and his counterpart Mikhail Chygir. Nevertheless, agreement was reached on a mechanism for repaying Belarus's debts, totalling $1,200 million:

[A. Bolshakov, deputy prime minister, identified by caption] The Russian Finance Ministry, Gazprom, the other ministries, and I today drew up some documents, and quite a reasonable mutual offset arrangement is, in fact, to be found in them, similar to the zero option you mentioned.

[Sviridov] The sides agreed that the whole policy of raising import duties would also be discussed. It was decided to hold consultations when the budgets of Russia and Belarus are being drafted, and consequently to agree on the pace of economic reform in the two states. So Belarus may set off as early as 1997 not along the road of market socialism, but simply toward a normal market. [video shows Belarusian President Alyaksandr Lukashenka welcoming Russian Deputy Prime Minister Aleksey Bolshakov and other officials, talks in progress; Bolshakov talking to reporters; a group of four luxury cars moving off; emblem of Belarus] [end recording]

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Kazakhstan

Kazakhstan: Ministry Issues Statement on Trade With PRC

LD2307114496 Almaty DELOVAYA NEDELYA in Russian 5, 19 Jul 96

[Statement "provided by the Ministry of Economy of the Republic of Kazakhstan: Kazakhstan-China: Developing Relations"]

[FBIS Translated Text]

[Part I: 5 Jul 96, p 9]

At present the People's Republic of China [PRC] is one of the main foreign trade partners of Kazakhstan. Trade and economic relations between the Republic of Kazakhstan and the People's Republic of China are being built and are developing on the basis of the Trade and Economic Agreement between the governments of the Republic of Kazakhstan and the People's Republic of China which was signed on 22 December 1991 and which defined the main principles of cooperation in this field.

Following a visit by a government delegation of the Republic of Kazakhstan to the PRC in February 1995, work has been carried out in the republic to introduce new approaches to developing trade and economic cooperation between Kazakhstan and China.

Trade Relations

Taking into account the geopolitical situations of Kazakhstan and China, as well as the fact that at present China is striving to become a superpower, and that, in addition, it has a huge market, and all developed countries of the world want to trade with it, Kazakhstan should consider China one of its most promising trade partners.

China occupies seventh place today among Kazakhstan's trading partners after Russia, Uzbekistan, Ukraine, Turkmenistan, Germany, and The Netherlands.

According to cargo customs declarations, in 1995 the trade turnover with China amounted to $336.8 million, or 3.8 percent of the republic's overall trade turnover, whereas in 1994 it amounted to 3.1 percent. Exports amounted to $303.7 million, or 6.1 percent of overall exports, and imports were $33.1 million, or 0.8 percent of the republic's overall imports. The trade balance was positive: $270.6 million. In the first quarter of 1996 (January-March) trade turnover amounted to $14,332,800 [as published], of which exports were $134,768,700 and imports were $8,561,100.

Whereas in 1994-95 China was in third place as to its share in the overall volume of exports, in the first quarter of 1996 it moved up to second place, and as to imports it moved up from 8th-14th to 12th place [as published].

Kazakhstan is exporting primarily raw materials and goods for production and technical purposes to China, which make 88-96 percent of all exports, and the share of ferrous metals in this increased from 35.8 percent in 1995 to 74 percent in the first quarter of 1996.

The only consumer goods being exported are tobacco and its industrial substitutes; their share in the structure of exports increased twofold in the first quarter of 1996 against 1995.

In 1995 as against 1994 exports of raw leather increased sixfold, fertilizers threefold, cotton 6.6-fold, wool twofold, aluminium and aluminium products 16.4-fold, and ferrous metals 1.3-fold.

Consumer goods prevail in the structure of imports from China at 70-80 percent. According to official cargo customs declarations, in 1995 as against 1994 there was a sharp decline in the import of goods from the People's Republic of China: the import of sugar and sugar products fell 2.5-fold, fruit and nuts 6.3-fold, cloth 2.3-fold, and footwear 6.3-fold.

In the view of experts, this can be explained by the following reasons.

Three-four years ago Kazakhstan's consumers were attracted by the bright colors, fine packing, and cheapness of Chinese goods. Most of goods from China can be used only once: until the first wash, until the first rain, and so on. Apart from this, some goods are dangerous to the life and health of the people of the republic (primarily alcoholic beverages and beer). At present families of average income do not buy consumer goods from China, preferring more expensive and better quality domestic goods or goods imported from Europe. The second reason for the fall in registered imports from China in 1995 as against 1994 is the increase in volumes of smuggled goods. According to calculations, unregistered goods worth about 100 billion tenge are sold in Kazakhstan. Goods imported from China make up a significant proportion of these goods. Following a number of talks, the PRC has recently started to trade for hard currency and in some cases pay contracts in advance.

Taking into consideration information of a UN commission and other international organizations that, as a result of the considerable development of the Chinese economy, the consumption of power resources and rolled ferrous metals will rise sharply by the year 2000, we can count on China being interested in increasing exports of these goods from Kazakhstan.

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The government of Kazakhstan has established a favorable customs regime for China, with the aim of developing and expanding trade and economic relations with China. Customs duties for goods imported from China and made in that country are 50 percent lower than the existing fixed tariffs.

With the aim of increasing trade turnover between Kazakhstan and the PRC, the Ministry of the Economy has proposed discussing with the Chinese side the possibility of creating free trade zones at the Dostyk/Alashankou railway stations and the Khorgos road crossing and deciding on how to set them up and possible sources of funding.

[Part II: 19 Jul 96, p 8]

Talks are being held to work out an agreement between the governments of the Republic of Kazakhstan and the PRC to organize transport of the goods of the two countries intended for export and freight of other countries by Kazakh and Chinese ships along the Ili and Chernyy Irtysh [Ertix He] rivers.

The Chemical Industry

Some practical steps have been taken to implement a long-term program of production and provision to the PRC of 300,000 tonnes of mineral fertilizers annually, in particular as regards setting up joint ventures and investing in development and re-equipment of the production of mineral fertilizers in the republic. A Kazakh-Chinese society of chemistry and chemical fertilizers has begun to be established: Its founders are the Ministry of Industry and Trade, the state holding Legprom [light industry] and, from the Chinese side, a number of major companies of the Xinjiang Uighur Autonomous region. To ensure a permanent market for mineral fertilizers, work is underway to set up joint ventures involving Chinese investments to produce ammophos and diammonium phosphate on the basis of the joint-stock company Khimprom [chemical industry] (city of Dzhambul) and, in cooperation with the Karatau joint-stock company, to process (enrich) phosphorates and make mineral fertilizers out of them.

The Oil and Gas Industry

International experts think that China is to become the largest consumer of oil, gas, coal, and electricity generated from these kinds of fuel in the Asia-Pacific region. Taking into account the fact that the country has over 10 percent annual GDP growth and that the government of the country is already spending $2.85 trillion on imports of power resources, a number of forecasts say that China is to become such state not only in the Asia-Pacific region, but in the world as soon as in following five years.

At present the republic has no extra oil to supply to China, and the Omsk/Chimkent pipeline may be used for transit of Russian oil. Exports of Kazakh oil to China could start after completion of the first and second phases of the project to construct the West Kazakhstan/Kumkol pipeline and following a considerable rise in oil extraction in western and central Kazakhstan. For exports of Russian oil to China, the best option is a route via the territory of Kazakhstan. In this connection, it is considered reasonable to discuss with the Chinese side prospects of exporting Kazakh oil and petroleum products to the PRC through the available Pavlodar/Chimkent pipeline and one linking it with central China.

Bearing in mind putting the Druzhba railway station into operation and laying a two-track gauge from the city of Urumqi [capital of Xinjiang Uighur Autonomous Region] to the central regions of China, it is also possible to export petroleum products from the Chimkent oil refinery to eastern and central China by railway.

With the aim of coordinating mutual actions it is proposed to discuss a proposal by the Mitsubishi Corporation to implement a project to lay the proposed Turkmenistan-Uzbekistan-Kazakhstan-China-Japan trans-Asian gas pipeline.

The Metallurgical Industry

An agreement has been signed between the Karaganda Metal Plant, the company Kemeni Overseas Product Corporation from Guangdong Province and the Khunte joint venture from the Xinjiang Uighur Autonomous Region to set up a service center for processing, packing, and sorting rolled metal in Urumqi from the Karaganda Metal Plant and making it meet international standards. In line with the agreements reached, the plant is to work out a long-term program of cooperation, which will envisage supplying China with rolled steel worth $120 million, reconstruction of the plant together with Chinese partners, and the export of tin and tin concentrate to produce white plate.

The leadership of the Sokolov-Sarbay Ore-Enrichment Combine has signed a contract to supply 200,000 tonnes of iron pellets worth a total of $14 million. It has been agreed that payment for shipped goods will be made in advance. The main obstacle for successful implementation of this profitable contract for our republic is insufficient capacity at the Druzhba [Dostyk]-Alashankou rail border crossing.

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Light Industry

An analysis of trade relations between our countries shows that China is interested in supplies of agricultural raw materials to produce consumer goods and consequently export them to Kazakhstan. Meanwhile, Kazakhstan's light industry enterprises are standing idle due to lack of circulating capital to purchase raw material. Taking into account the mutual interest of Kazakh and Chinese enterprises, it is desirable that during a visit by Kazakhstan's president, the issue of setting up joint ventures on the basis of Kazakh enterprises to process agricultural raw materials should be discussed.

Scientific and Technical Cooperation

At present comprehensive and mutually beneficial cooperation is developing between Kazakhstan and the Xinjiang Uighur Autonomous Region. A complex program of long-term cooperation in the fields of agriculture, geology, metallurgy, and so on has been worked out and is being implemented. In line with an agreement reached with the PRC's state committee for science and technology, Kazakhstan has prepared and sent to the Chinese side a draft agreement on scientific and engineering cooperation, with the aim of expanding scientific and technical ties. Besides, the Ministry of Science and the Academy of Engineering have prepared and submitted to China a list of mutually beneficial joint projects.

Kazakhstan: Kazakhstan Suggests Division of Caspian Sea Bed

MM1907125196 Moscow KRASNAYA ZVEZDA in Russian 17 Jul 96 p 3

[Report by Anatoliy Ladin: "The Caspian Is for Caspian States"]

[FBIS Translated Text] Almaty — Kazakhstan is against certain countries' proposal to allot the five Caspian states a narrow coastal zone of between 10 and 30 miles each and to make the rest "common property." Foreign Minister K. Tokayev believes that the 1982 UN Convention on the Law of the Sea must be valid in relation to the Caspian. Almaty is proposing to divide the sea bed into national zones in order to normalize the extraction of resources. In the Kazakhstani Foreign Ministry's opinion this can be done at a special meeting of the five Caspian states' foreign ministers, for which the preparation should be thorough.

Kazakhstan: Provisions of Law on Control of Arms Exports

LD2307140096 Almaty DELOVAYA NEDELYA in Russian 5 Jul 96 p 8

["Excerpts" of Articles 6, 7, 8, 9, and 10 of the law of the Republic of Kazakhstan on the export control of arms, military equipment, and dual-purpose products; all ellipses as published]

[FBIS Translated Text]

Article 6. Products Subject to Export Control

...In accordance with the demands and conditions of the present law, products subject to export control include: conventional arms and military equipment, raw and other materials, special equipment and technologies and services related to their production; nuclear materials, technologies, equipment, installations, special nonnuclear materials, dual-purpose products, equipment and technologies, sources of radioactive irradiation and isotope products, as listed under international nonproliferation regimes; dual-purpose chemicals and technologies, which may be used in making chemical weapons, as listed under international nonproliferation regimes; pathogens, their genetically altered forms and fragments of genetic material which may be used in making bacteriological and toxic weapons, as listed under international nonproliferation regimes; equipment, materials, and technologies used in making rocket missiles, as listed under international proliferation [as published] regimes; scientific and technical information, services, and results of intellectual activities related to military-oriented output; and other types of products by decision of the Government of Kazakhstan.

The products indicated in this article are subject to export control regardless of their owner, and the locality and time of its origin.

Article 7. Export Control and the Procedure for Implementing Export Control

...Export of products subject to export control is carried out under licences issued by authorized central executive bodies by decision of the Government of Kazakhstan. The authorized plenipotentiary body issuing the licences submits to the Government of Kazakhstan copies of the following: the application of the applicant entity, coordinated with the relevant central executive bodies empowered by the Government of Kazakhstan to carry out export control functions; the contract and import certificate of the end- user, issued by the authorized state body and containing commitments binding the receiving country to use products imported from Kazakhstan which are subject to export control only for

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the needs of the country and forbidding their reexport or transfer to third countries without an agreement on the part of Kazakhstan. The applicant body is to submit to the customs body the originals of the licence and the contract, as registered by the authorized state body. When nuclear, special nonnuclear materials, and dual-purpose products are being exported, the conditions of the contract must provide for Kazakhstan's authorized state bodies to be granted access to check their final use. Nuclear, special nonnuclear materials, dual-purpose products, technologies, installations, and equipment to create these may be exported to countries which do not possess nuclear weapons only if assurances are given by the competent state bodies of these countries that the exported items they have received, as well as nuclear or special nonnuclear materials, installations, and equipment produced on the basis of these items or as a result of their use: (a) will not be used to produce nuclear weapons and other nuclear explosive devices or to achieve any military aim; (b) will be under the control (guarantees) of the International Atomic Energy Agency [IAEA] during the entire period they are actually in use, in accordance with the agreements on guarantees between the recipient countries and the IAEA; (c) that measures of physical protection will be ensured at levels no lower than that recommended by the IAEA; d) will be reexported (exported) or transferred from the jurisdiction of the recipient country only under the conditions envisaged in points (a), (b), and (c); in the case of uranium enriched by over 20 percent, of plutonium or heavy water, reexport, or transfer of items of export will be carried out only with the written agreement of the central executive body for nuclear energy of Kazakhstan.

Article 8. Re-export and Transit

... Reexport of products brought to the customs space of Kazakhstan and subject to export control is carried out by permission of the central executive body for export control, authorized by the Government of Kazakhstan... Transit of products subject to export control is carried out by permission of the Government of Kazakhstan.

Article 9. Participation of Kazakhstan in International Sanctions Related to Export Control

Participation of Kazakhstan in international sanctions related to export control, in regard to one state or a number of states, and the implementation of these sanctions is defined by the legislation of Kazakhstan on the basis of decisions by the United Nations or other international organizations. In individual cases such sanctions may be implemented by Kazakhstan unilaterally. The procedure for compensating exporters for losses in the event that international economic sanctions are imposed is determined by the Government of Kazakhstan.

Article 10. Export Restrictions

Kazakhstan has the right to impose restrictions on the export of products subject to control, including an embargo, in regard to foreign states if these states should breach the obligations they have assumed in respect of Kazakhstan, and also by decision of international organizations, of which Kazakhstan is a member.

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Georgia

Georgia: UN Envoy Issues Ultimatum on Abkhaz Conflict

LD2307140196 Tbilisi SAKINFORM in Russian 1310 GMT 23 Jul 96

[FBIS Translated Text] Eduard Brunner, special envoy of the UN secretary general for the settlement of the conflict in Abkhazia, who is participating in quadripartite talks in Moscow, has said that if this time the Abkhaz side once again shows extreme obstinacy, the United Nations will give Georgia the right to settle the Abkhaz conflict at its discretion.

Georgia: Progress Reported at Moscow Georgian-Abkhaz Talks

LD2407095496 Moscow INTERFAX in English 0855 GMT 24 Jul 96

[FBIS Transcribed Text] MOSCOW, July 24 (Interfax) — Georgia and its breakaway region of Abkhazia have managed to resolve many of their disagreements, but not all, at the ongoing consultations in Moscow on Wednesday, an Abkhazian official said.

Andrey Dzhergeniya, the head of the Abkhazian delegation, told Interfax that the consultations "have managed to bring their positions on many issues closer."

The delegations "approved about 90 percent of the main protocol on conflict settlement and the basic provisions concerning the mandate of peacekeeping troops in Abkhazia," he said. He did not elaborate.

Dzhergeniya stressed that "the Russian side, as a mediator at the talks, has a constructive position and is doing what it can to ensure the speediest settlement of relations between Georgia and Abkhazia."

At the same time, he noted that "the main point of disagreement at the consultations remains the problem of equality in relations" between Georgia and Abkhazia. "To us, the principle of equality is an indispensable prerequisite for the normalization of relations with Georgia," Dzhergeniya said.

Speaking about a possible meeting between Georgian President Eduard Shevardnadze and Abkhazian leader Vladislav Ardzinba, Dzhergeniya stressed that "neither side needs a meeting for the sake of a meeting."

"A meeting would make sense only if all fundamental issues are approved at the Moscow consultations," he said.

Georgia: 'Chevron Overseas' Chief Meets With Shevardnadze

MM2407094996 Moscow KOMSOMOLSKAYA PRAVDA in Russian 23 Jul 96

[Report by Sergey Chernykh: "'Chevron' in Caucasus" from "Business Tuesday" section p 3]

[FBIS Translated Text] Tbilisi — A meeting between Richard G. Matzke, chief of the Chevron Overseas U.S. oil company, and Georgian President Eduard Shevardnadze has taken place in Tbilisi. The sides discussed options for Chevron's participation in the plan for the transit of Azerbaijani oil from the Azeri, Chirag, and Gyuneshli deposits across Georgian territory.

At the end of the talk Matzke announced that although some agreements had been reached the talks will continue in the very near future and there will be one more meeting. The point is that the question of the U.S. company's participation in financing the construction of the Georgian section of the Baku-Tbilisi-Poti oil pipeline remains open.

Meanwhile the restoration of the Tbilisi-Poti oil pipeline began last week. The first ship carrying pipes has already arrived in Poti. The volume of work is enormous: According to the most approximate and optimistic assessments the oil pipeline has been destroyed in 1,000 places.

Georgia: Fire Breaks Out at Justice Ministry as President Arrives

LD2407085196 Moscow INTERFAX in English 0729 GMT 24 Jul 96

[By Tengiz Pachkoria]

[FBIS Transcribed Text] Tbilisi July 24 (Itar-Tass) — A major fire broke out in the building of the Georgian Justice Ministry in the capital of Tbilisi on Wednesday morning 90 minutes before President Eduard Shevardnadze was to arrive there to see the first constitutional judges of the country sworn in.

The Tbilisi fire department said 20 fire teams were fighting the blaze.

There were no casualties and the reasons of the fire were not yet established.

It is not clear whether the fire was in any way linked to the inauguration ceremony of the judges in which Shevardnadze is to participate.

The Constitutional court has been for the first time formed in Georgia this year and consists of nine judges. Three of them were named by the president, three by the parliament and three by the Supreme Court.

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Estonia

Estonia: Prime Minister States No Territorial Claims on Russia

LD2407061496 Moscow INTERFAX in English 0552 GMT 24 Jul 96

[FBIS Transcribed Text] TALLINN, July 23 (Interfax) — Estonian Prime Minister Tiit Vahi Tuesday [23 July] told the U.S. Secretary of State's Special Envoy James Collins that Estonia no longer lays any territorial claims on Russia.

Director of the Estonian Government's press service Juhan Kivirahk told Interfax that the Estonian prime minister had expressed the hope for the conclusion of an Estonian-Russian border agreement this year. Vahi also emphasized the importance of concluding such an agreement on the basis of the 1920 Tartu peace treaty, as the latter "provides a legal foundation for the recognition of the Estonian state system."

Vahi hopes that an Estonian-Russian most favored nation trade agreement might also be signed this year.

He views Viktor Chernomyrdin's further tenure of the Post of Russia's prime minister as "a good opportunity for improving bilateral relations."

Speaking about the non-citizens of Estonia, Vahi said that the only right they do not have is the right to take part in parliamentary elections.

Collins said that Estonia's policy regarding the non-citizens' integration "meets the world requirements."

Estonia: UK Minister Comments on Visit, Russian Elections

LD2007082396 Tallinn Radio Tallinn Network in Estonian 1700 GMT 19 Jul 96

[FBIS Translated Excerpt] Sir Nicholas Bonsor, the British deputy foreign minister [minister of state at the Foreign and Commonwealth Office] left Estonia on 19 July. Before leaving he answered questions from journalists. Erik Samel reports:

[Samel] The British deputy foreign minister spent two days in Estonia. He met Prime Minister Tiit Vahi, Foreign Minister Siim Kallas, and Minister for European Affairs [without portfolio] Endel Lippmaa; as well as Eino Tamm, the chairman of the Foreign Affairs Commission in the Riigikogu, and Tonu Korda, the deputy chairman of the [parliamentary] Defense Commission. Sir Nicholas viewed his meetings with the Estonian politicians as very fruitful. [passage omitted]

Voicing the position of his government, Sir Nicholas said that Estonia will hopefully become a member of the EU soon. According to him, Estonia should put in more work with the Russian-speaking population to ensure all civil rights. [passage omitted]

Speaking about the developments in Russia, the British deputy foreign minister said that they are encouraging, particularly when it comes to furthering relations with Western Europe. The activity of Boris Yeltsin, who won the presidential elections, is considerably more encouraging than some statements made by [communist presidential contender] Gennadiy Zyuganov during the election campaign, as Sir Nicholas sees it. The British politician pointed out in a positive light the fact that free and fair presidential elections took place in Russia.

Commenting on the appointment of Igor Rodionov, who has made statements about the Baltic states, as Russian defense minister, Sir Nicholas said that it must be made clear to him that any kind of aggression against the Baltic states is completely impermissible. In the British deputy foreign minister's opinion it would be foolish on the part of Russia to spoil the success achieved within the past few years in shaping its international reputation with an aggression.

Estonia: Finnish Foreign Ministry Continues To Support Baltic States

LD2107230596 Tallinn Radio Tallinn Network in Estonian 1700 GMT 21 Jul 96

[FBIS Translated Text] In its program of activities until the year 2000, the Finnish Ministry of Foreign Affairs says it will continue to support the Baltic states and notes that relations with Estonia will occupy a significant position. Finland supports the Baltic states so they can fulfill, as soon as possible, the political and economic conditions necessary for becoming a member of the European Union, the Finnish information agency STT reported today, quoting the program.

The program notes that visa-free travel with Estonia will come into force at the beginning of 1997, and negotiations on visa-free travel with Latvia and Lithuania will start in the autumn.

Estonia: Baltic Commanders Comment on Joint Naval Exercise

LD2207143296 Tallinn Radio Tallinn Network in Estonian 1200 GMT 22 Jul 96

[FBIS Translated Excerpt] The Baltic states' first joint naval exercises took place in Liepaja last year, under the command of the Latvian Navy. This year's exercise, Amber Sea '96, opened on 11 July and today there was summing up in Tallinn. Here is Vallo Kelmsaar with details:

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[Begin recording] [Kelmsaar] The Estonian naval headquarters acted as the main instructor in this year's joint exercises of the Baltic Navies. Twenty-two vessels and two helicopters took part in the exercises. The Riga sea rescue center, the Estonian sea rescue center branch at Kuressaare and naval guard posts in Latvia and Estonia were involved. The vessels were manned by the total of 362 men supported by 118 coastal services staff. Cooperation, communications, location of targets, and their identification and other things were practiced. Two hundred and seventy-seven shots were fired in the course of shooting practice.

Lithuanian Navy Commander Raimondas Baltuska said that all the countries had done a lot of work in the preparations for the exercises and added the following:

[Baltuska, in English fading into Estonian translation] The exercises progressed extremely well, with top-level professionalism on display. The whole command personnel, all vessels and countries did their best. It was a very good and useful practice. We have a broad sphere of activity ahead of us so as to be prepared to stand up to any possible enemy. Should the enemy attack, the Navy will in any case resist.

[Kelmsaar] Latvian Naval Commander Captain Gaidis Zebots, shared his colleague's view and emphasized that joint exercises are very important for the Baltic states and that they form a realistic step toward forming a joint defense system.

Estonian Naval Commander Capt. Roland Leit summed up the exercises as follows:

[Leit] As we see it, the only possiblity for us to defend our countries is within the framework of cooperation between the Baltic states defense forces and for this reason cooperation between the Baltic states Navies serves as one of the foundations of our defense policy. [passage omitted]

[Kelmsaar] How did this year's exercises differ from the previous ones?

[Leit] Last year's exercises took place only in a small area, with not that many vessels participating, with smaller numbers of people involved, the coastal stations were not involved nor was the airforce. [passage omitted] That means that from year to year we expand our activity. [passage omitted] [end recording]

Estonia: Customs Official: Smuggled Arms Bound for Russia

LD2307173296 Moscow INTERFAX in English 1708 GMT 23 Jul 96

[FBIS Transcribed Text] TALLINN, July 23 (Interfax) — The consignment of smuggled arms seized by Estonian customs officers on Monday [22 July] evening was en route to St. Petersburg, a representative of the Estonian Customs Department told Interfax on Tuesday [23 July].

A consignment of TT pistols was discovered at the Ikla check point on the border with Latvia, the same source said.

According to updated reports, 80 boxes with products indicated in the customs declaration as macaroni each contained 20 guns, totalling 1,600 pistols. No cartridges were discovered.

The cargo was described in the customs declaration as a transit cargo.

The smuggled arms were discovered "as a result of a preplanned action," the customs officer said.

Earlier in the day the Estonian police put the size of the detained consignment at 12,000 pistols.

Latvia

Latvia: U.S. Envoy Clarifies Remarks on N-Weapons in E. Europe

WS2407074096 Tallinn BNS in English 1900 GMT 23 Jul 96

[FBIS Transcribed Text] Riga, Jul 23, BNS — NATO has no intentions to change the deployment of its nuclear weapons on the European continent in the current circumstances of security in Europe, even with the admission of new members.

The U.S. ambassador-at-large for the New Independent States, James Collins, who is on a visit to the Baltic states this week, made the comment in an interview with BNS Tuesday [23 July].

"In the current circumstances — I want to put a stress on that — of security in Europe there is no intention by the alliance to change the deployment of the nuclear weapons that it has on the European continent, even with the admission of new members," the ambassador said.

"That is what I said to the press in Minsk — and they drew their own conclusions, which were beyond what I said," he noted.

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The Russian media quoted Collins as saying last week in Minsk that NATO had in principle decided against deploying nuclear weapons in its possible new Eastern European members.

Collins told BNS that Russia was closely following the NATO enlargement discussion. Russia is also welcome to "discuss the issues that are of a concern to them like NATO's admission of new members," he said.

"The American policy is that we are not going to pursue the enlargement of NATO in the way that diminishes the security of the other states," the ambassador said.

Speaking about Russian military deployments in its Baltic enclave of Kaliningrad, Collins said that their quantity was consistent with the Conventional Forces Europe (CFE) treaty.

"The only connection in which we have discussed the Russian military deployments in this region is the context of the CFE talks. The deployments that are there are within those limits and we have not commented in any other way about that," he said.

The full text of the interview will be published by the daily DIENA newspaper on Thursday [24 July].

Latvia: Prime Minister Demands Dismissal of Army Commander

LD2407090896 Riga Radio Riga Network in Latvian 0800 GMT 24 Jul 96

[FBIS Translated Text] Prime Minister Andris Skele today demanded that Defense Minister Andrejs Krastins dismiss Juris Dalbins, commander of the National Armed Forces [NAF]. Skele explained that this was due to frequent disciplinary violations and negligence in the Army.

As is known, the latest incident occurred yesterday when three soldiers in active service left their post without permission with automatic weapons in their possession. This incident ended tragically: one soldier committed suicide and another was wounded.

Skele has coordinated the issue of dismissing Dalbins with President Guntis Ulmanis, supreme commander of the NAF. Skele also expressed dissatisfaction with the work of Defense Minister Andrejs Krastins and Deputy Prime Minister Ziedonis Cevers. As is known, Cevers's duties include tackling defense issues. Therefore, at the cooperation council of the factions forming the government, the prime minister today called on Krastins and Cevers to improve their work.

Latvia: Prime Minister Rules Out Action Against Defense Minister

LD2407105596 Riga Radio Riga Network in Latvian 0900 GMT 24 Jul 96

[FBIS Translated Text] Prime Minister Andris Skele on 24 July demanded that Defense Minister Andrejs Krastins dismiss Juris Dalbins, commander of the National Armed Forces, from his post. Skele explained that this was due to frequent disciplinary violations and disorder in the Army.

[Begin recording] [Skele] Everyone has again been disturbed by the incident that occurred last night [as received, refers to incident on 22 July], when three active duty soldiers left their post with automatic weapons in their possession. The incident finally ended with one soldier wounding himself and one committing suicide. This is evidence that commanders are not able to carry out the duties they have been entrusted with, that they have no authority over the soldiers, and that they are unable to ensure simple articles of the regulations. So, after a long discussion with the state president, who is the supreme commander of the Armed Forces, a decision was made on 23 July, and I today demanded that Krastins dismiss Juris Dalbins, commander of the National Armed Forces, from his post. This, of course, is for the Saeima to decide because the law stipulates that the commander of the National Armed Forces is appointed or dismissed by the Saeima.

I would like discussions to take place in the Saeima on both legislation and bringing order on the issues concerning the Army and political responsibility on these issues. Of course, I am also forced to note that I do not feel satisfied with the defense minister's work at the moment and with the work of Deputy Prime Minister Cevers, who has no portfolio and with whom it was decided when allocating duties that he had to deal with defense issues. I expressed this at the cooperation council today and called on them to improve their work.

[Unidentified correspondent] Could any action follow against Krastins and Cevers?

[Skele] I do not think so because according to the law on state defense, the minister is responsible for the issues entrusted to him by the law and they do not directly include issues concerning discipline in the Army. [end recording]

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Latvia: Cabinet of Ministers Dismiss Security Police Chief

LD2407091596 Riga Radio Riga Network in Latvian 0800 GMT 24 Jul 96

[FBIS Translated Text] Following a proposal from Interior Minister Dainis Turlais, Raimonds Rozkalns, head of the Security Police, was dismissed from his post on 23 July by order of the Cabinet of Ministers. The newspaper DIENA reports that the decision was passed unanimously and without debate. However, the Cabinet of Ministers did not discuss Rozkalns' future job, neither did it discuss a candidate for the post of the head of the Security Police.

Rozkalns' name has recently been connected with the scandal concerning the creation of an illegal corridor for transporting Asian refugees through Latvia, in which representatives of Russian and Latvian security structures are possibly involved.

Latvia: President Meets With Consultative Council on Economy

LD2007101396 Riga Radio Riga Network in Latvian 1700 GMT 19 Jul 96

[FBIS Translated Text] During his first term in office, the state president has not devoted enough attention to questions of the country's economy; this was the opinion that Guntis Ulmanis expressed today after his first meeting with the Consultative Council on the National Economy. Participating in the Council's session were 30 businessmen, bankers, economists, and scientists. In the pre-election period the president received criticism for his inactivity in resolving economic issues, which is why he is now going to turn more to practical activities, as is indicated by the creation of this Council, said Ulmanis.

[Begin Ulmanis recording] Sufficiently many of you feel that for these five years we have been working and talking about many things, yet we have been unable to do anything about them. Let us take an example: how did the bureaucratic machine ruin all the good intentions and good laws that the country ought to have been implementing? And we think: how should the laws be, and how should the system be, so that an official does not feel like a little kinglet, doing what he likes, but so that the country's laws and system can work as they ought to? [end recording]

The Consultative Council, which is evidently going to convene once a month, will concern itself with analyzing the national economic process, and will present its own proposals and recommend other initiatives. At present the Council, which is not receiving any remuneration, consists of 40 invited people, mainly economists and bankers. Among them is Janis Aboltins, former minister of economics and current chairman of the Board of Riga Komercbanka [bank]. This is how he described the newly created Consultative Council to us:

[Begin Aboltins recording] The Council's direction of activity is to do everything to remove obstacles to business activity — I should specify, legal business activity, because unfortunately we do have in the country the kind of companies that are regulated a priori — to this legal business activity, thus creating more wealth, both for the country and for each of us individually. [end recording]

Guntis Ulmanis himself said, in opening the first session of the Consultative Council on the National Economy today, that it can be thought of as the president's duty not to stand outside the (?processes going on in) the country.

[Begin Ulmanis recording] For purely patriotic and perhaps emotional reasons I am offended that I feel that our neighbor Estonia is gradually getting ahead of Latvia in these processes. That is what is stimulating me most to be active in this work, and of course another stimulus is that I have undertaken to uphold this government for another three years, and I have to promote this activity, so that this government really can work for those three years productively. And this Council is not in any way against, it is giving additional powers to, the government's work. [end recording]

Lithuania

Lithuania: Chechen Statement Asks Help From 'International Public'

LD2007090596 Tallinn Radio Tallinn Network in Estonian 1700 GMT 19 Jul 96

[FBIS Translated Text] Chechen parties and political movements have appealed, on behalf of the Chechen people, to the international public at large for help. An ancient nation is about to die before the eyes of the whole world population, reads their statement published in Vilnius by an unofficial representative of Chechnya. The statement says that of the 1 million population of Chechnya, 100,000 have already died. The authors of the statement accuse the leaders of the UN, OSCE [Organization for Security and Cooperation in Europe], the European parliament, and the great powers and their parliaments of applying no measures of any kind to end the slaughter of peaceful and helpless local residents and allow Boris Yeltsin and his soldiers to kill people daily.

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Lithuania: President Returns; Comments on Domestic Matters

WS2407090096 Vilnius ELTA in English 1437 GMT 23 Jul 96

[From "News Bulletin" No. 1059]

[FBIS Transcribed Text] Vilnius, July 23 (ELTA) — Lithuanian President Algirdas Brazauskas returned on Tuesday [23 July] from Atlanta where he watched the Olympic contests. Though the President's visit did not focus on politics, Brazauskas met with other country leaders including US President Bill Clinton.

This week Brazauskas intends to make final decisions on which laws adopted by Seimas are to be signed. The President mentioned he would probably sign mass media law but did not yet make a final decision.

Brazauskas also has on the agenda several meetings devoted to discussion of most urgent bank and border issues.

On Monday [22 July] the President intends to start the rest of his holiday.

Brazauskas said banks and financial situation in the country was under control though the State had money shortages and poor tax collection.

Border control was an essential condition for prevention of negative phenomena, including illegal migrants and huge smuggling, Brazauskas said.

"We have to solve border problems, use all possible means for its control and demarcate border with Belarus," he emphasized.

Lithuania: Foreign Investment Takes Dive After 1995 Banking Crisis

LD2407090596 Moscow INTERFAX in English 0740 GMT 24 Jul 96

[FBIS Transcribed Text] VILNIUS, July 24 (Interfax) — The flow of foreign investment in Lithuania dwindled sharply in 1995 as a result of a banking crisis that hit the country at the end of 1995 and has been reverberating through its ailing economy ever since.

By the beginning of 1996, the total amount of direct foreign investment in Lithuania had reached 1.4-1.5 billion litai ($350-$375 million), according to a survey conducted by the Statistics Department by OECD methodology.

Department head Kestutis Zaborskas told Interfax on Wednesday [24 July] that the survey refuted assertions that 3,000-4,000 joint ventures were operating in the country and direct investment had reached about $500 million.

As a result of re-registration, there are 1,320 joint ventures and the rest "exist on paper," while the figure $500 million reflects not actual investment, but rather an intention to invest as indicated in the joint ventures' registration documents, Zaborskas said.

Lithuania's major investors are German businesses which have set up 181 joint ventures in the republic and invested about 273.5 million litai ($68.4 million), not Britain as had been generally believed to date.

The second largest investor is the United States (71 joint ventures and 241.2 million litai, or $60.3 million), followed by Britain (42 JVs, 161.6 million litai, or $40.4 million), Sweden (37 JVs, 119.7 million litai, or $29.9 million), and Russia (71 JVs, 91.9 million litai, or $23 million).

Lithuania: Armed Forces Participate in Joint Training Exercises

LD2307205196 Vilnius Radio Vilnius in English 1900 GMT 23 Jul 96

[FBIS Transcribed Excerpt] It is planned that this year the Lithuanian Armed Forces will take part in 23 international military exercises within NATO Partnership for Peace Program.

The greater part of the planned military training has been completed. Twice this year Lithuania received U.S. military units for joint exercises on the Lithuanian territory and yet another military exercise is to be held with Danish and Polish soldiers in August. Lithuanian troops will also take part in three major international NATO organized exercises: in the United States in August, in the Czech Republic [break in reception], and in Denmark in October.

Also significant for the training of the Lithuanian troops were the recent joint exercises of the Baltic states and the United States at the Latvian military base of Adazi code-named "The Baltic Challenge." [passage omitted]

Yet another naval exercise of the Baltic states, the biggest this year, "Amber Sea-96," was completed on 23 July. The exercise was held within the framework of NATO Partnership for Peace Program. Two Lithuanian vessels with the total crew of 97 took part in it.

At the invitation of the Finnish navy commanders all the warships headed for the port of Helsinki after the naval exercises.

At the news conference on 22 July, the commander in chief of the naval exercises, the Estonian Captain Roland Leit, said that the Baltic states were seriously considering the possibility of forming a joint Baltic navy squadron. He said that such [word indistinct] could be built within two years but that would require a positive political decision of the Baltic states leaders as well as Western assistance.

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